

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Wednesday September 24 1986

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No. 30,040

How Allied Lyons  
planned its  
defence, Page 8

World news Business summary

## Israel bombs bases in Lebanon

Israeli Air Force aircraft bombed terrorist bases east of Damour, in the Druze hills, near Beirut, the Israeli Defence Force announced. It said the aircraft had made accurate hits on headquarters buildings belonging to the Syrian-backed Abu Mussa group and the Democratic Front for the Liberation of Palestine.

The attack followed a warning by Mr Yitzhak Rabin, the Defence Minister, that Israel would hit back hard at the radical Lebanese Shia who have stepped up their attacks on the South Lebanese Army in recent weeks.

Earlier, Soviet-designed Katyusha rockets hit two positions of the French peacekeeping force in Lebanon. There were no casualties, Israeli reaction, Page 5.

## US considers aid

The Reagan Administration is considering giving \$500m in aid to South Africa's black neighbours as part of new US measures against the Pretoria Government. Page 20

## Weinberger criticised

An attack by US Defence Secretary Casper Weinberger on the defence policies of Britain's opposition Labour Party drew angry accusations that the Reagan Administration was interfering in the internal affairs of its closest European ally. Page 28

## Steel defeated

British Liberal Party leader David Steel suffered an embarrassing setback to his hopes of producing a joint Alliance nuclear defence policy with the Social Democratic Party. Page 11

## Nuclear agreement

Governors of the International Atomic Energy Agency were expected to give an easy passage to proposals for boosting international co-operation on nuclear safety in the wake of the Chernobyl disaster.

## N-plant cleared

Spain's Nuclear Safety Council gave the Asco II nuclear power plant a clean bill of health after valve malfunctions had prompted its closure for a month.

## Argentina strike call

Argentina's General Confederation of Labour announced an 11-hour general strike for October 9 to protest against the government's economic policies. The action will be the seventh general strike during President Raul Alfonsín's 34-month-old government.

## Red Brigade escape

Two convicted members of the Red Brigades guerrilla group escaped from a hospital in Novara, Italy, after sawing through the bars of skylights in their rooms.

## Bombings kill nine

The death of a policeman in hospital brought the toll from the wave of bombings in Paris in the past two weeks to nine dead and at least 160 injured.

## Ecovit acquitted

A Turkish court acquitted former Prime Minister Bülent Ecevit of breaking a law banning his return to active politics, giving the green light to party leaders banned after the 1980 military coup to resume their political activities.

## Uganda border

Uganda has agreed to reopen its border with Sudan, closed after Kampala accused Khartoum of helping Ugandan rebels.

## Italian kidnap

Paolo Astessano, aged 22, son of a wealthy north Italian farmer and livestock importer, was kidnapped. Kidnappers are demanding a ransom of L1bn (\$700,000) from his family.

## Marine Midland in \$585m merger

MARINE MIDLAND, majority-owned New York subsidiary of Hongkong and Shanghai Banking, is to pay at least \$585m for First Pennsylvania Corporation. The proposed interstate banking merger would take effect within a year after March 4, 1990, under present law. Page 29

US SEMICONDUCTOR industry has won a big victory in its effort to protect its chip designs from alleged Japanese copyright infringement with a Federal judge's ruling that the "microcode" program in microprocessors is covered by US copyright law. Page 5

WALL STREET: The Dow Jones industrial average closed up 4.38 at 1,797.81. Page 44

LONDON: Financial markets were preoccupied by evidence of a huge drain on investment funds caused by the Trustee Savings Bank's flotation of 15bn shares this week. The FT-SE 100 share index ended 7.1 down at 1,610.0, while the FT-1000 index finished 10.9 lower at 1,271.8. Page 44

DOLLAR closed in New York at DM 2.058, SF 1.966, FF 6.7195 and ¥157.9. The dollar advanced in London to DM 2.0510 (DM 2.0315), ¥154.80 (¥153.60), SF 1.96 (SF 1.9385) and FF 6.7075 (FF 6.6450). Its exchange rate index rose from 110.0 to 110.7. Page 37

STERLING closed in New York at \$1.4480. It bounced back in London after Bank of England intervention. Its exchange rate index closed at 69.7, up from 69.5 on Monday and a record low of 69.0 when London opened. It rose to DM 2.0725 (DM 2.0575), FF 6.72 (FF 6.6775) and ¥152.60 (¥152.35). It slipped to \$1.4480 (\$1.4565). Page 37

GOLD eased back in London to close down \$24 at \$433 an ounce. In New York the Comex December settlement was \$436. Page 36

ORANGE JUICE futures prices in New York have risen sharply since the end of last week and yesterday they topped \$1.09 per lb in the January position. Factors behind the rise include curbs on exports by Brazil. Page 36

POCLAIN, loss-making French hydraulic excavator group, suffered an increased group net deficit of FF 1.01bn (\$160m) in the first half of 1986, compared with FF 30.6m in the first half last year. Page 21

PHARMACIA, Swedish pharmaceutical and biotechnology group, and Electro-Nucleonics, US biomedical company, have signed a contract which gives Pharmacia a stake in the US group which in turn will have exclusive US distribution rights to certain Pharmacia products. Page 21

SAIPEM, oil and gas pipeline and drilling subsidiary of Italy's ENI state energy group, saw its profits and revenues take a substantial drop in the first half of this year following the crisis in the world oil sector. Page 24

ALUSSENE would take about three years to "work its way out of the present crisis," according to Dr Hans Jucker, chief executive officer of the parent company, Swiss Aluminium. Page 21

HAMMERMILL Paper, largest US producer of fine writing paper, which has agreed to merge with International Paper, achieved a jump in third-quarter operating earnings to \$15.6m from \$5.8m. Page 22

BANCA COMMERCIALE Italiana, Italy's second-largest bank in terms of total assets, announced a 21 per cent jump in net profits in the first six months of this year, to L94.7bn (\$46.6m). Page 21

SKANDINAVISKA Enkeltas Banken, leading Swedish bank, increased its operating profits for the first eight months of the year by 98 per cent, boosted by falling interest rates. Page 21

SUMITOMO, Japanese tyre maker, said the loss-making UK Dunlop plants it took over in 1985 are set to be in profit next year. Page 12

DEUTSCHE BANK TO LEAD INTERNATIONAL SHARE PLACING

## Agnellis to raise stake as Libya sells out of Fiat

BY ALAN FRIEDMAN IN MILAN

LIBYA is to sell its shareholding in Fiat. The sale will raise more than \$2.1bn and increase the Agnelli family's stake in the Italian motor and industrial group.

It will also remove a possible barrier to Fiat's gaining Pentagon contracts in connection with the US Strategic Defence Initiative, the Star Wars programme.

The Libyan stake, which includes 15.19 per cent of Fiat ordinary shares, had a market value yesterday of nearly \$3.3bn. It will be sold at a discount, however, to net \$3.15bn based on the selling prices quoted last night by Fiat.

West Germany's Deutsche Bank will place two-thirds, or roughly \$2bn, of the Libyan shareholding. The remaining one-third, including 10 per cent of Fiat ordinary shares, will be purchased by IRI, an Agnelli family vehicle which already owns 31.3 per cent of Fiat.

Fiat shares jumped by nearly 4 per cent on the Milan bourse yesterday, closing at L116,900.

Fiat also said yesterday that pre-tax consolidated profits had nearly doubled to L1,647bn (\$1.17bn) in the first six months of this year, on sales up 10 per cent to L14,316bn

from L13,066bn. In a further demonstration of the steady financial recovery it has achieved in recent years, the company reported that net debt fell to L300bn from L3,074bn a year earlier. It forecast a "considerable improvement" in full-year performance from 1985.

The Libyan Arab Foreign Investment Company first bought the stake for about \$300m ten years ago. Mr Giovanni Agnelli, Fiat chairman, has been trying for many months to get the Libyans to sell out. The presence of two Libyans in the Fiat boardroom has been a growing embarrassment. The two Libyan directors resigned last night.

Deutsche Bank yesterday began contacting institutions about the huge share placing operation, to be done mainly through the London market. On offer are 5 per cent of ordinary Fiat shares, 13 per cent of preferred stock and 13 per cent of non-voting savings shares. The total Libyan package consisted of 200.1m ordinary, 98.2m preferred and 20.2m savings shares.

Deutsche Bank said Fiat ordinary shares will be placed at \$11.25 a

share, while preference stock will have a placement price of \$7.08 and savings shares \$6.75. The savings shares will come with an entitlement for holders to purchase stock in international fraud and malpractice in financial markets.

The memorandum of understanding which is to be followed by a more formalised US-UK mutual assistance treaty, is expected to pave the way to a series of other bilateral agreements, particularly between the UK and Japan and the UK and several European countries. The signatories of the memorandum are the UK's Trade and Industry Department and the two US regulatory authorities responsible for the securities and futures markets, the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC).

The agreement lays down a framework for the confidential exchange of information between US and UK regulators to assist their investigations. It suspends an informal set of case-by-case arrangements which are considered slow and clumsy and are often a source of disputes.

The chief areas of concern are dealing in company shares on the basis of inside information, fraudulent misrepresentation by dealers and market manipulation, in particular the "cornering" of commodity markets and excessive buying and selling of securities to create a false impression of activity. Exchanges of information will also cover breaches by investment businesses of the regulations on capital adequacy, competence and honesty.

The agreement is expected to be invoked several dozen times a year and to be used with increasing frequency as trading in equities, bonds and futures and options contracts becomes more global.

In recent years, the SEC has led the way in challenging traditional barriers to the policing of international financial fraud. In 1983, it signed a treaty with Switzerland which allows it to prise open and to freeze the bank accounts of suspected insider dealers. In July it signed a similar agreement with the Cayman Islands, while an agreement in May between the US and Japan provided for a limited exchange of information on a case-by-case basis.

However, the SEC also aroused strong opposition from the UK and other countries with a proposal that foreign investors using US financial markets should be deprived of some

Continued on Page 20  
Details, Page 24

## Britain and US unveil plans to curb fraud

By Clive Wolman in London

THE US AND UK yesterday unveiled the first comprehensive agreement between regulatory authorities aimed at cracking down on international fraud and malpractice in financial markets.

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Continued on Page 20  
Details, Page 24

## Dollar recovery prompts UK to defend pound

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN LONDON

THE BANK of England was forced to step in to defend the pound yesterday as a further recovery in the dollar's value put the British currency under pressure and created concern in financial markets over the outlook for interest rates.

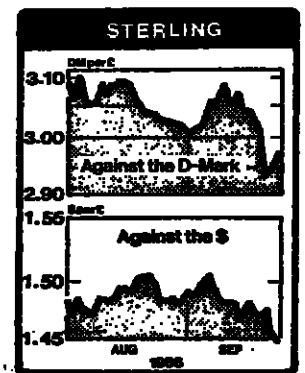
Sterling recovered its earlier losses after the Bank of England intervened in the currency markets when it began to slide both against the dollar and against continental European currencies. After its initial rebound, however, it began to slip back in New York trading.

The Bank made no official comment, but foreign exchange dealers said that it had been openly selling D-Marks and dollars as the pound touched the day's lows yesterday afternoon.

The intervention was interpreted as signalling that the UK Government considered that sterling's fall over the past few weeks had gone far enough, but that if possible it wanted to avoid a politically damaging rise in interest rates ahead of the Conservative Party annual conference early next month.

Mr Nigel Lawson, the Chancellor of the Exchequer, indicated his concern to get agreement on stabilising currency markets at the meeting of the Group of Five major industrial countries in Washington on Friday.

He told a meeting of the National Economic Development Council: "I shall be going to Washington with



two main aims in mind: to consolidate the greatly improved pattern of exchange rates we have achieved and to build on and strengthen the co-operation between our countries.

The impact of the intervention, which the Bank made no attempt to disguise, was strengthened by the general nervousness after the scheduled meeting of European Community finance ministers and bank governors in Glasneville, Scotland.

At that meeting, the central banks decided to defend the present parities in the European Monetary System's exchange rate mechanism.

Continued on Page 20  
Money markets, Page 37

## Paris delays decision on exchange controls

BY DAVID HOUSEGO IN PARIS

MR EDOUARD BALLADUR, the French Finance Minister, has put off the planned announcement tomorrow of a further relaxation of French foreign exchange controls.

The official reason given yesterday was that the date had been ill-chosen in terms of political timing and the recent meeting of the International Monetary Fund in Washington. But foreign exchange dealers linked it more directly to the strains in the European Monetary System caused by the flow of funds into the D-Mark.

Mr Balladur has promised on several occasions that controls would be completely lifted by the end of the year. This has been taken to mean that French residents would soon be allowed to open foreign exchange accounts abroad and that French banks would be able to lend in francs to non-residents.

But Mr Balladur implied yesterday that this might no longer be the government's goal in saying that he would give himself some weeks of reflection before deciding whether it would go "the whole or part of the way."

The Government now intends to await the outcome of the meetings of finance ministers in Washington to decide what further measures to take. Mr Balladur said yesterday that "we will get a clearer view on currencies after the Washington meeting."

Finance Ministry officials yesterday still expected the Bundesbank to make a further cut in West German interest rates - thus relieving the pressures within the EMS. But they also implied that the next steps in relaxing foreign exchange controls might be more limited than have so far been expected.

## Shevardnadze renews attack on Star Wars

BY OUR UNITED NATIONS CORRESPONDENT

THE SOVIET UNION responded yesterday to President Ronald Reagan's UN speech on arms control with another attack on his strategic defence initiative, charging that "evil designs are being pursued off as good intentions and a sword for a shield."

Mr Eduard Shevardnadze, the Soviet Foreign Minister, said that no-one should be misled by the assertion that so-called Star Wars would increase global security.

In fact, he said, it was an attempt to conceal an attack on the main pillar of stability, the 1972 Anti-Ballistic Missile treaty. "The intention is to get the treaty out of the way within the time frame of seven years," Mr Shevardnadze said.

"Everything is carefully calculated here, for it is precisely in seven

years that they plan to prepare space weapons for deployment.

"The question is what for? Would it not be more sensible to work for an agreement on a complete elimination of nuclear missiles, whether strategic, medium-range or any other, as we are proposing?"

In his speech to the UN on Monday, Mr Reagan indicated a willingness to make concessions on Star Wars - the deployment of which Moscow proposed, in effect, he delayed 15 years. The President said that there would be no deployment of any space-based missile systems for at least 7½ years if the Russians would agree to a US proposal by which each side would continue to adhere to the ABM treaty, which prohibits the deployment of such systems, and then negotiate a treaty permitting deployment.

Without such agreement, the US would be free to deploy such a system after 7½ years, after giving six months notice.

"Whatever is done to conceal it, the so-called defensive space shield

Continued on Page 20  
Details, Page 24

## China signs \$4bn N-plant deal

BY ROBERT THOMSON IN PEKING

CONTRACTS were signed yesterday for a \$4bn nuclear power station at Daya Bay in southern China after seven years of negotiation and in the face of mounting protests from the people of nearby Hong Kong.

The Guangdong plant is China's largest joint venture project and diplomats believe it will be the only nuclear power contract involving large-scale purchases from foreign companies.

The station is to be run by the Guangdong Nuclear Power Joint Venture Company, which signed supply contracts with Framatome of France for pressurised water reactors (PWR) for engineering design and Britain's GEC for the turbines.

Negotiations for the plant began in 1979 and became more sensitive following the Chernobyl accident. Anti-nuclear protests in Hong Kong - the plant is 90 km from the Hong Kong border - have gathered momentum in recent months, directing attention at whether China is capable of running a nuclear plant safely.

As well as supplying two 985 Mw reactors, Framatome has sold the company - 75 per cent owned by the state-run Guangdong Nuclear In-

vestment Company and 25 per cent owned by the Hong Kong Nuclear Investment Company - a safety monitoring package. Mr Jean Claude Levy, Framatome's managing director, said Hong Kong had nothing to fear.

Zhao Ziyang, the Chinese Premier, said after the signing the country should "pay greater attention to the safety of nuclear power plants after the accident at the Chernobyl power plant but that will not change our attitude toward developing the nuclear power industry."

China, however, has lowered its nuclear aim in the past year. The goal had been to build 10 nuclear power stations by the end of the century but senior officials said in April there "would not be an ambitious plan" for nuclear power and that "in the future we will rely mainly on our own efforts."

Mr Levy denied reports that China had requested and received generous discounts on the Framatome contract, estimated to be worth FF 6bn (\$900m). He said the equipment cost was within 1 per cent to 5 per cent of the company's last sale to South Korea. "We really cannot play with the quality of the work. We can't make big discounts. We are not making automobiles or

watches."

The EDF contract is worth FF 1bn. Contracts were also signed yesterday with 10 British banks and seven French banks for loans to the Bank of China, China's foreign exchange bank, which then signed a loan agreement with the joint venture company. The French loans are backed by France's export credit agency and the British by the Export Credit Guarantee Department.

Loan repayments will begin when the first generator is commissioned, which is expected to be in about 1993. The loans are to be repaid at the OECD consensus rate of 7.4 per cent and will be repaid over 15 years. Foreign exchange earnings will come from the sale of 70 per cent of the plant's output to Hong Kong. China will be the sole owner of the plant by about the year 2005.

Mr Levy confirmed that China had postponed indefinitely another nuclear power plant at Sunan, near Shanghai, for which Framatome had been bidding. Before the Government revised its nuclear outlook, the Chinese nuclear market had been thought by some industry observers to be worth up to \$20bn.

News analysis, Page 6

### CONTENTS

Europe	2-3	Companies	21, 22
America	4	Companies	21, 22
Overseas	5	Companies	23
World Trade	6	Management	10-15
Britain	10-15	Companies	28-32
Agriculture	36	Stock markets - Buenos Aires	41, 44
Appointments	14	Stock markets - London	41-44
Appointments advertising	1-71	Stock markets - Wall Street	41-44
Artis - Reviews	16	Technology	26
World Guide	36	Unit Trusts	33-35
Commodities	36	Weather	29
Crossword	33		

Netherlands: euthanasia debate divides nation	2	Editorial comment: UK planning; UK Liberals	18
US: hand-built aircraft tackles aviation first	4	UK pay settlements: return to going rate	18
Lebanon: Israelis prepare for possible attack	5	The Commonwealth: why Britain needs it	19
Shipping: revival in the tanker market	6	Lex: Fiat; Lasmo/Clyde Petroleum	20
Management: how Allied Lyons defended itself	8	Technology: "new papyrus" set for take-off	26

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EUROPEAN NEWS

# EEC ministers close to new jobs strategy

BY JAMES BUXTON IN EDINBURGH

EEC EMPLOYMENT ministers are close to accepting a new strategy for fighting unemployment which would concentrate on helping small businesses and foster more flexible working practices. This follows an informal meeting of Community Employment Ministers in Edinburgh, which ended yesterday.

Lord Young, British Secretary of State for Employment, who chaired the meeting as part of Britain's Presidency of the Council of Ministers, said he believed the meeting had "changed the dialogue in the EEC, as far as employment ministers are concerned. This is only a beginning but it could transform what the EEC does."

The ministers met to consider a document on employment growth drafted by the British, Italian and Irish employment ministers, of whom the latter two are from Socialist parties. The document sets out about 40 proposals for easing the constraints on people obtaining jobs.

The four main themes of the proposals are help for small businesses and self employment; encouraging more flexible working practices; better training; and greater assistance for the long-term unemployed.

Following the favourable outcome of the two-day informal meeting, the document will be elaborated before being presented in the form of a resolution to the next formal council of employment ministers which takes place in December.

The two British ministers, Lord Young and Mr Kenneth Clarke, Employment Minister, yesterday presented the outcome of the meeting as a considerable success for the British Presidency.

"For years the Commission has served up the Council of Ministers with a diet of draft proposals on employment rights and protection which the council was always turning down," said Mr Clarke.

"Now they are going to have to start working on more proposals for aiding employment by easing constraints. We may ask the Commission to draft new directives, but only if we need them."

There had been no dissent among the ministers at the meeting, Lord Young said.

The new approach appeared to have the support of Mr Jacques Delors, the President of the EEC Commission.

# Ecevit acquitted of violating political ban

A TURKISH criminal court yesterday acquitted former Premier Bulent Ecevit on charges of violating a law barring him from political activity.

AP reports from Ankara. In the second hearing of a trial that began in July, the prosecutor asked for Mr Ecevit's acquittal, saying support of a party does not constitute violation of the political activity ban.

The judge concurred and ruled for acquittal. The prosecutor had charged that Mr Ecevit participated in active politics when he attended and addressed a Convention of the Democratic Left Party on May 18. The party is headed by his wife.

Mr Ecevit and 100 other former politicians, cannot join, lead or be affiliated with political parties or run for elective office until 1992.

Legally speaking, euthanasia remains a criminal offence punishable by imprisonment for up to 12 years or a heavy fine. In practice, however, it has occurred more and more frequently since a 1973 Supreme Court decision that justified mercy killing under certain conditions. A Friesland physician was given only a token sentence after she granted her mother's plea to be released from unbearable pain by death.

Another Supreme Court decision in 1984 upheld the earlier ruling. Rising cancer rates, major medical advances that can prolong life and a greater willingness to discuss the subject have also increased the number of instances in which death is aided by a doctor.

Deaths from euthanasia have been estimated as high as 20,000 a year, or 1 in 15 of all mortalities, although no official figures are available. Between 10,000 and 12,000 are believed to be cases of "passive" euthanasia, where medical

# Laura Raun in Amsterdam reports on an ethical issue with political implications Euthanasia debate divides Dutch public

EVERY day in The Netherlands at least 20 people are believed to die at their own request through mercy killing. Euthanasia may be no more common among the Dutch than in other industrialised countries — although many think it is — but they may be the first people to legalise it.

A legislative bill that would permit mercy killing by doctors under strictly defined circumstances, the first of its kind in the world, was introduced 24 years ago by the Democrats '66 party, and the ruling Christian Democrat - Liberal coalition has promised to reconsider the highly emotional issue again by next January.

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treatment is halted or medicine such as painkillers is given, which hastens dying. "Active" euthanasia accounts for between 6,000 and 10,000 deaths.

Popular support for mercy killing seems to be more widespread than elsewhere in Europe or the US although per-

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Mr Raun Lubbers

But the Dutch Association for Voluntary Euthanasia and many in the medical profession say that legislation is needed urgently to clarify everyone's rights. Five court cases are pending against doctors accused of unlawfully taking a patient's life.

The 25,000-member Voluntary Euthanasia Association, founded in 1973, provides no "suicide cocktails" but puts patients in contact with doctors willing to help in death. More than 30 volunteers work in the "members aid service" which offers information and advice on the medical, legal and ethical aspects of euthanasia to patients and doctors either directly or through associated physicians, lawyers and clergymen.

Doctor Leo Fretz, Professor of Social Ethics and Political Philosophy at Delft Technical University and chairman of the Association said in an interview that he expected legal change. "But I don't exclude the possibility of court judgments which would make a change in the law unnecessary and that punishment under medical disciplinary law would be reduced," he added.

One member of the Association, a man suffering from debilitating lung cancer which placed a burden on his family, had told them of his plan to die, which they had accepted. The family respected his desire to avoid a life of pain and degradation, his widow said. "It was better that way, a chance for us to say goodbye to him before it was all over."

# Tensions rise over Czech border incidents

BY LESLIE COLTIN IN BERLIN

TENSIONS have risen over border incidents between Czechoslovakia and its two Western neighbours, despite a warm glow of East-West satisfaction over the just-ended Stockholm conference on disarmament and security.

In talks at the United Nations with the Czechoslovak Foreign Minister, Mr Bohuslav Choupek, West Germany's Foreign Minister, Mr Hans Dietrich Genscher, today is to take up the final shooting last week of a West German citizen by Czechoslovak border guards.

West Germany launched a strong protest with the Prague Government at the weekend over the shooting of a retired West German army officer, who was said to be strolling along the border on German territory.

In another incident, the Bavarian police said yesterday that two East Germans who fled across the Czechoslovak border to West Germany were fired on by border guards. The West Germans were investigating whether any shots had fallen on their territory.

The Austrian Foreign Ministry charged on Monday that Czechoslovak border guards commanded their shepherd dog to attack an Austrian who was picking mushrooms and dragged him across the border. He was held for seven hours and released after signing a statement.

# Firms to borrow more

FINLAND will borrow FM 14.7bn (£2,022bn), some 23 per cent more than in the current year, to balance its budget for 1987 which was sent to the Helsinki Parliament yesterday, Reuter reports.

The 23 per cent rise in borrowing follows an increase of only 11 per cent in 1986. Firms will pay a few per cent more for drinks, tobacco and fares. But tax scales will be revised downwards by 4 per cent. Taxes on property will be slightly eased to boost the private sector.

# Unemployment report

THE REPORT Reducing Unemployment in Europe; the Role of Capital Formation has been published by the Centre for European Policy Studies as CEPS Paper No 28 and not by the European Commission, as reported in yesterday's Financial Times.

# Fears of Norway oil rig cuts

BY FAY GJESTER IN OSLO

THE NORWEGIAN Shipowners' Association fears that more than half of its members' mobile oil rigs, and a third of their offshore supply vessels will be unemployed by the end of this year.

Its latest quarterly report notes that for a long time, the offshore sector has provided a "valuable supplement" to traditional shipping activities.

The oil price collapse has, however, "dramatically changed" the situation, leading so far this year, to a 25 per cent cut in oil company exploration budgets.

shelf in the current season have been postponed. Developments in 1987 can lead to further cuts," it predicts.

The Association's quarterly statistics show that on September 1 their members owned 52 drilling, accommodation or construction auxiliary rigs, 56 of them Norwegian-registered.

On that date, eight of the Norwegian flag rigs were laid up, and 14 of the foreign-registered units. Of 190 Norwegian-registered supply and service vessels, 40 were laid up. Of 77 such vessels owned by Norwegian companies, but registered abroad, five were laid up.

The report contrasts the gloomy picture offshore with the improvement in the tanker market, where volumes shipped have risen.

The Association warns, however, that tanker fleet capacity still exceeds total demand, and suggests there is a danger that "the temporary improvement in the market may arrest the process of adjustment needed to rid the world tanker fleet of its surplus tonnage."

The Norwegian-registered merchant fleet shrank by 53 units, totalling 4m dwt, during the first eight months of this year, to 614 units totalling 18.5m dwt.

# Irish minister dismissed over 'conflicting interests'

BY OUR DUBLIN CORRESPONDENT

THE IRISH Prime Minister Dr Garret FitzGerald, had dismissed a junior minister in his Cabinet following claims of a conflict of interest in business dealings.

Mr Eddie Collins, a Fine Gael Deputy and Minister with responsibility for energy, said yesterday that Dr FitzGerald had sought his resignation but he had refused to agree to this because he felt there were no grounds for his standing down. Dr FitzGerald then dismissed him.

This year when Mr Collins' family company encountered financial difficulties. Guidelines for Irish involvement in business interests, but there were allegations that Mr Collins had been intimately involved.

These led to a meeting last January between Dr FitzGerald and his junior energy minister, after which the Irish Prime Minister assured parliament that Mr Collins had severed all direct connections with the company.

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EUROPEAN NEWS

Vienna talks given fresh hope by Stockholm accord

By Patrick Blum in Vienna

PRELIMINARY WORK on the third follow-up Conference on Security and Co-operation in Europe (CSCE) started in Vienna yesterday with fresh hope following the agreement in Stockholm on Monday. Opening the 35-nation meeting, Mr Peter Jankowitsch, Austria's Foreign Minister, said the Vienna conference could start a "new era of détente" but warned there were still too many violations of the Helsinki Final Act signed in 1975. The Final Act launched the Helsinki process which aimed to reduce tensions, promote disarmament and increase confidence between East and West through closer links, economic co-operation and the promotion of human rights. Mr Jankowitsch said it was necessary to make a realistic assessment and the "right diagnosis" about the state of East-West relations with a full and frank review of progress under the Helsinki agreement. "Again and again we have to register grave violations of the Helsinki Final Act. Again and again the overall positive trend is interrupted by serious setbacks. This discrepancy between words and deeds dam-

ages the credibility of the CSCE process and represents the biggest barrier for its future development," he said. The Stockholm agreement will help to improve the climate of relations between East and West but in spite of this success the ability of nations to reach consensus had seriously declined in recent years and there were still dangers of "stability" and "confrontation". The meeting will last a maximum of two weeks during which it will establish a timetable and an agenda for the full conference starting on November 4. Western delegates hope the conference will speed more time, possibly until Christmas to review progress since Helsinki than the three weeks spent at Stockholm. Western nations will also be pressing the conference to focus more on human rights and human contacts as key elements in developing confidence. "A balance has to be found between human rights principles and military aspects of security. The non-military aspects of security are as important as the military ones. Respect for human rights increases security," said a Western diplomat.

Sweden set for public sector strike

By Sara Webb in Stockholm

THE SWEDISH public sector unions have threatened to come out on strike next Tuesday following the breakdown in wage negotiations last Friday. The unions, who represent about 1.5m civil servants and local government workers, have announced that members in key administrative positions will be called out from noon Tuesday to cause the maximum harm for the Government without "hurting ordinary people." The plan is to call off train ticket collectors and sellers (which would allow people to use the state railway system without paying), post office workers, and customs officials - a move which the unions calculate could cost the Government SKr 1bn (£170m) a week. The union for municipalities and county council workers has said its 600,000 members will operate a work-to-rule, while dock and traffic workers will come out on strike. public sector employees want an agreement which brings them in line with private sector workers, who reached an agreement in the spring whereby wages would rise by 9.5 per cent in 1986-87.

Chernobyl close to worst possible

By David Fishlock in Vienna

THE SOVIET nuclear explosion at Chernobyl in April came close to being the worst kind of accident imaginable to a nuclear reactor, experts who analysed the Soviet accident report have concluded. The victims were 300 nuclear employees and firemen, of whom 31 have died so far. But no member of the public has been put in hospital by Chernobyl's radiation. These are among the conclusions of the International Nuclear Safety Advisory Group (INSAG), a standing committee of nuclear safety experts. This committee has studied the lengthy Soviet accident report delivered to a post-mortem on Chernobyl last month, and

have cross-examined a Soviet delegation drawn from officials masterminding the post-accident recovery operation. Its report is being submitted to a special conference of the International Atomic Energy Agency in Vienna today for formal acceptance by the governing body of the UN agency. It is expected to be published later this week. The INSAG committee, under the chairmanship of Dr A. P. Vuorinen, chief nuclear inspector of Finland which operates both Soviet and Western reactors, found Chernobyl was almost a "worst case" in terms of the risks of nuclear energy. Explosive reactions destroying the cores of reactors have

been reported before, but only in small experimental reactors, in the US and Canada. At Chernobyl, a "super-prompt" critical excursion occurred in a 1,000 Mw power-producing reactor, the experts conclude. Its fuel disintegrated into incandescent particles as fine as face powder, causing a violent steam explosion in the cooling water, which lifted the 1,000-tonne reactor roof and ruptured all cooling water connections. A second explosion is still not fully explained. The experts find "potential for improvement in the design and operation of nuclear power plants." It says the accident was caused by a "remarkable range of human errors and

violations of operating rules in combination with specific reactor features which compounded and amplified the effects of the errors and led to the reactivity excursion." Two vital conclusions drawn are: ● The importance of placing complete authority and responsibility for plant safety on a senior member of the operating staff. At Chernobyl, the reactor was handed over to a contractor for experiments before being shut down for maintenance. ● The importance of cultivating a "nuclear safety culture" at nuclear plants to reinforce formal operating procedures. The experts say the Soviet report was "thorough and professional."

Austria orders N-plant dismantled

By Patrick Blum in Vienna

THE AUSTRIAN Government has ordered the dismantling of the Zwentendorf nuclear power plant, the country's only nuclear power utility, thereby ending years of speculation about the plant's future. Dr Norbert Steger, the Vice-Chancellor and minister responsible for energy, has asked the state electricity company "immediately to begin with the liquidation of the assets (of the plant) in a business-like and economic way." The plant which has cost over Sch 11bn (£520m) was completed in 1978 but never used because a referendum in the same year came out against commissioning it. Several subsequent attempts to overcome constitutional obstacles to putting the plant into operation failed and the recent accident at Chernobyl sealed its fate. Rejected international offers of the US has made a study on various ways of liquidating the plant, including selling it off in parts, but none of the options are expected to recoup the plant's cost until now. A complete demolition would take about seven years and cost \$105m (£70.9m).

Britain in bid to break air fare deadlock

By Quentin Peel in Brussels

TRANSPORT Ministers of the EEC have been summoned to a special meeting next week in a bid by the British government to break their long-standing deadlock over liberalising air routes and clearing the way for cheaper fares. The whole informal council meeting in London will be devoted to air transport, Mr John Moore, British Transport Minister and current chairman, said yesterday. He spelt out his aim to make

significant progress in liberalising air fares and routes, in spite of the opposition of a majority of member states, in a speech to the transport committee of the European Parliament. Mr Moore set out four steps as the core of a package which should provide "the first step towards aviation liberalisation" in the Community: ● Allowing airlines to set their own fares, vary their prices, and get them approved without

having to consult other airlines; ● Break the "stranglehold" of 50:50 sharing arrangements between airlines; ● Ensure easier market access for newcomers or competing airlines; ● Enforce EEC competition rules in air transport. "The consumers of Europe have suffered too long from inflexible fares and other arrangements," Mr Moore said.

The British effort to press the liberalisation package through the council will proceed in parallel with the European Commission's action to start the process of competition proceedings against the major European airlines. The Commission has agreed on a two-month extension for several of the airlines to reply to its charges of price-fixing and operating cartels on major EEC routes.

Chrysler to step up its exports to Europe

By Peter Bruce in Bonn

CHRYSLER, the US car producer, plans to re-enter the European market on a larger scale by stepping up exports of US-built cars and trucks, Reuters reports. Mr Robert Lutz, Chrysler's executive vice president, international truck and component operations, said yesterday that the number three US car maker believed its minivans, sporty Daytonas cars, new Dodge Shadow compacts or the new Chrysler LeBaron coupe - which goes on sale in the US next year - were potential candidates for export to Europe. "We're initially not talking about tens of thousands, certainly not about hundreds of thousands," Mr Lutz said. But Chrysler's position as the low-cost US producer, coupled with a weak dollar, could permit the company to emulate Japanese car makers in increasing its presence in the European market, he said. "I think we can go after the mainstream of the European market, not just the exotic niches."

Chrysler divested its European operations several years ago when it was facing bankruptcy. Earlier this year the company sold off its 15 per cent stake in Peugeot, the French car group, which it received earlier in exchange for its European operations. Meanwhile, Chrysler has half completed its programme to reduce costs by \$2,500 per car to achieve manufacturing cost parity with Japanese competitors, Mr Harold Sperlich said. Mr Sperlich said \$500 of the cost disadvantage identified two years ago represented fixed costs such as manpower and overhead while \$2,000 represented variable costs in such areas as manufacturing efficiencies, costs of components and currency fluctuations. "A great part of the savings must be on the parts we buy," he said. Mr Lutz, who joined Chrysler nearly four months ago after a long career as a top Ford Motor executive, including chairmanship of Ford's European operations, said Chrysler exports only "modest quantities" of vehicles to Europe at present. "I would hope we could begin in calendar 1987 with serious shipments of cars." Although volumes will be under 10,000 a year for the first two years, Mr Lutz predicted that within a few years Chrysler would export more cars from the US to Europe than any other American manufacturer. On the domestic front Mr Lutz said the company's goal for the 1987 model year is to take no less than 15 per cent of the US truck market. That would be up from this year's share of around 11.5 per cent. Chrysler's new mid-size pickup truck, the Dakota, along with other new vehicles, will help contribute to the hoped-for increase in market share.

Rise predicted in W German bankruptcies

By Peter Bruce in Bonn

WEST GERMAN business bankruptcies are expected to rise 4.5 per cent to a record 17,000 this year despite claims by the Government that the domestic economy is undergoing a substantial recovery. The BfErg economic services group said however that 75 per cent of the companies likely to collapse this year would be less than eight years old and 45 per cent less than three years old. Businesses in the service sector had been worst hit, the group said in a report, and nearly 2,000 service operations had become insolvent in the first half of the year. Industrial bankruptcies had fallen just over 6 per cent, BfErg added. A credit reform association reported, meanwhile, that between January and the end of August, total insolvencies rose 3.1 per cent to 10,620.

Government in Norway 'loses' popularity

By Peter Bruce in Bonn

SIXTY per cent of Norwegian voters are dissatisfied with the performance of Prime Minister Oyvind Brundtland's Labour Government, an opinion poll published yesterday said, AP reports. According to a survey conducted by the Gallup/NOI Institute and published in the independent, conservative-leaning Oslo daily Aftenposten, only 32 per cent of the more than 1,000 people interviewed were satisfied with the Government's work. "Last March, a majority of 53 per cent were satisfied with the government of coalition leader Kaare Willoch and only 39 per cent were dissatisfied," Aftenposten said.

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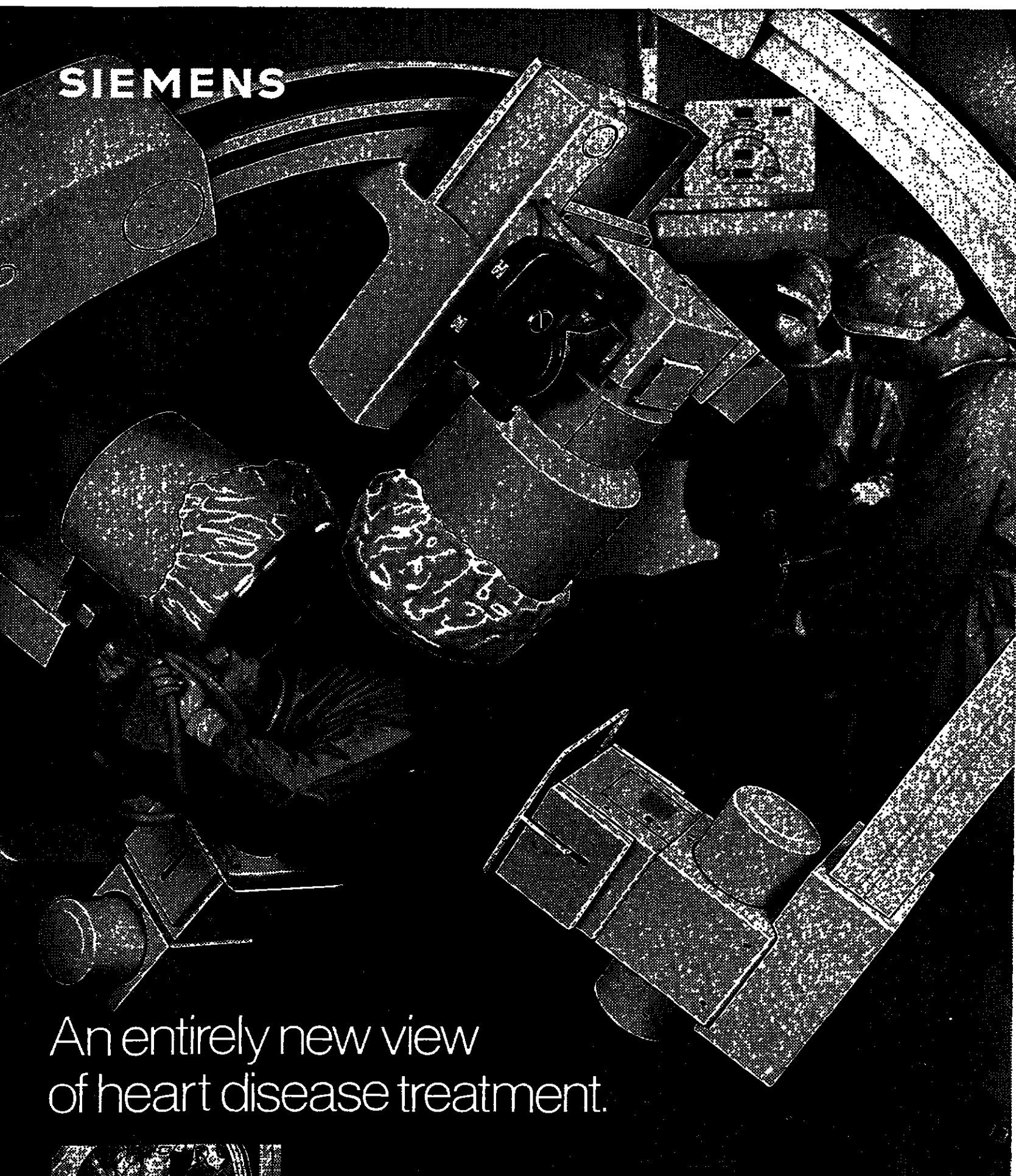


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AMERICAN NEWS

# Sprinkel predicts stronger growth in US economy

BY STEWART FLEMING, US EDITOR IN WASHINGTON

THE US is set for a "gathering of strength in economic activity" in the coming months, Dr Beryl Sprinkel, chairman of the White House council of economic advisers, said yesterday.

His comments followed the release of disappointing figures on the outlook for US manufacturing industry but encouraging news about inflation.

The Commerce Department reported that durable goods orders in August fell 2.6 per cent, largely because of a decline in defence orders. Non-defence orders also declined moderately, by 0.3 per cent. It also revised downwards the July orders data to show a rise of 3.4 per cent instead of 4.1 per cent.

The department said consumer prices rose by only 0.2 per cent last month, a smaller increase than many economists had expected.

Dr Sprinkel conceded that the best news on inflation may be over. He said he expected inflation to "cool up" slightly next year perhaps to the 3-3½ per cent range.

However, he said he was optimistic about the outlook for economic growth because of recent gains in employment, inflation, personal income and

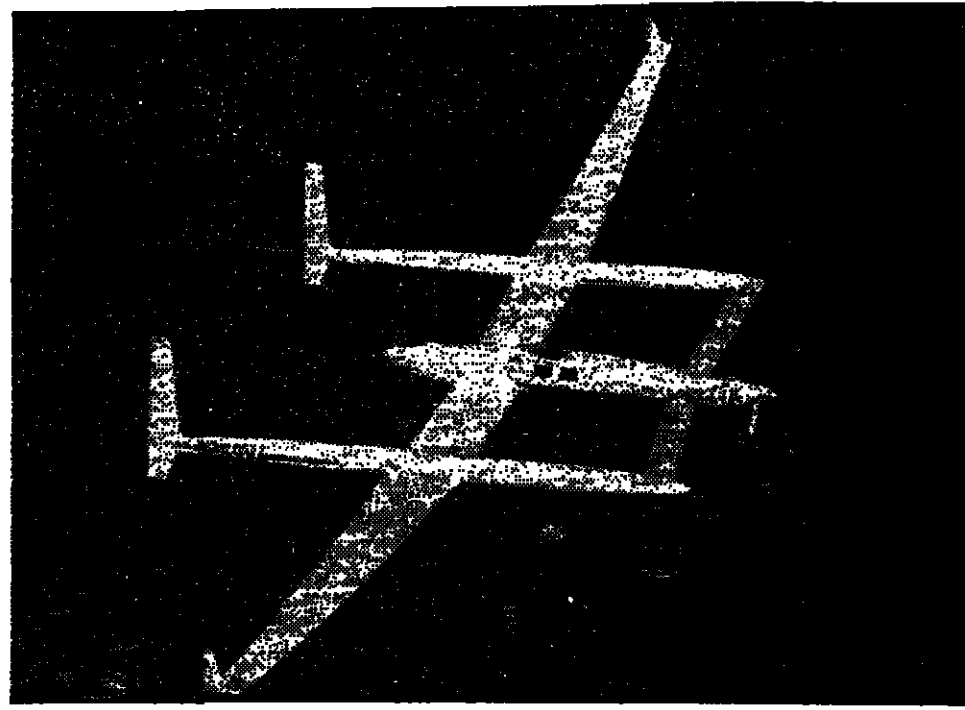
# UN stops repatriation of Chilean refugees

THE UN High Commission for refugees has stopped helping Chileans return home from abroad because of a security clampdown there, Reuters reports from Geneva.

The Santiago Government imposed a state of siege and arrested political opponents following an assassination attempt on President Auguste Pinochet earlier this month.

The UN commission has helped several hundred Chilean refugees to return home in the past two years, but there was now a danger of arrivals being turned back at the frontier. No more refugees will be helped to return until the situation eases.

He said there were still "tens of thousands" of Chilean refugees throughout the world. Most fled after a military coup in 1973 that overthrew a leftist government headed by Salvador Allende.



The Voyager... just enough space for two

# Hand-built aircraft tackles last great aviation first

OVER the next few weeks, perhaps as early as this weekend, a rather bizarre looking hand-built aircraft will struggle into the sky from Edwards Air Force base in California's Mojave desert. It will slowly circle for up to half an hour so as to get up height to clear the mountains and then head out over the Pacific at 80 miles per hour.

If all goes well, the aircraft known as the Voyager, should return in less than a fortnight after a non-stop flight around the world without refuelling, having broken the 12,832 mile record held for the last 24 years by a Giant B-52 bomber.

The challenge has been tagged the last great "first" in aviation history and the US press is likening the 32m Voyager to Charles Lindbergh's Spirit of St Louis, the first to fly across the Atlantic.

The Smithsonian museum in Washington has already reserved a place for the Voyager, and Dick Rutan, a former Vietnam fighter ace and chief pilot, is cast in the mould of one of Tom Wolfe's heroes in his book "The Right Stuff," on test pilots and astronauts.

When asked why he is risking his life and that of his co-pilot Ms Jeana Yeager—no relation to Chuck Yeager, the model for the Wolfe book—Rutan says the trip is the "ultimate goal, the last big plum to be picked."

The two will spend their time squeezed together in a space not much larger than a refrigerator and doctors have said the ear-splitting engine noise could permanently impair their hearing. They have abandoned insulation to save weight.

In true story book fashion, the first designs for the Voyager were sketched out five years ago on the back of a napkin in a local inn by Mr Rutan's brother Burt, who is as crazy about designing aircraft as his brother is about flying them. Some 23,000 man-hours later, they have produced what has been nicknamed a "flying gas tank."

The Voyager's fuselage is 25 ft long and its wingspan of 110.8 ft is longer than the

wings of a Boeing 737 commercial jet. It weighs 1,838 lbs and will carry close to 5,000 lbs of fuel, or 1,459 gallons.

It has two engines at the back and front and after take-off the rear engine will provide the power. To save weight, the equipment in the 7.5 ft by 1.5 ft cabin has been kept to a bare minimum and the crew is limited to 23 lbs of food and 80 lbs of water.

The US media has made much of the fact that the Voyager will fly round the world on "one tank of gas," but fuel is actually split up among 17 separate fuel tanks. The two pilots will spend much of their time juggling the fuel between tanks to keep the aircraft perfectly balanced. It will cruise at 15,000 ft to avoid turbulence, which on earlier test flights has caused violent sickness, and will fly most of the way on autopilot.

Most engineers argue that the flight would not have been possible without recent technological breakthroughs. The Voyager is made of a composite graphite called magnumite. Carbon fibres are impregnated with epoxy resin and made into magnumite sheets. A honeycomb paper core is sandwiched between the magnumite sheets and bonded under heat. This produces a material seven times stronger than aluminium—the normal material for aircraft—and much lighter.

The only metal on Voyager is the nuts and bolts and the engines, which are made by Teledyne Continental Motors in Mobile, Alabama. The rear engine is an experimental four cylinder version of an engine being designed for a secret military project to produce a long endurance drone for military reconnaissance.

The engine, known as the 10L-300, is designed to establish an all-time low fuel consumption and at the same time accomplish an unprecedented reliability standard, says its manufacturer.

The Voyager is also testing a new type of synthetic oil produced by Mobil. The oil is important since most aircraft need oil changes after every 25 to 50 hours of flying time. The Voyager plans to be in the air for more than 300 hours.

Mobil says its oil is far more pure than normal engine oils and does not contain the compounds which cause engine sludge and produce wear and tear on the moving parts. It will also operate at temperatures as low as -60F and will allow the Voyager's standby engine to be restarted during flight.

While the sponsors were slow to appreciate the scale of the Voyager's mission they have been making up for lost time as the round the world flight approaches.

Mobil, for instance, notes that its new oil continues a tradition of participating in aviation firsts. The Wright Brothers used Mobil oil in their 1903 Kitty Hawk flight as did Charles Lindbergh in the 1927 flight of the Spirit of St Louis.

# William Hall in New York reports on an intrepid pilot to circumnavigate the globe

The Voyager has already flown 11,600 miles in 113 hours non-stop up and down the Californian coast, and the pilots are now in their final stages of preparation for their odyssey, almost all of which will be spent over water.

The exact timing will depend very much on avoiding rough weather, while taking advantage of the prevailing easterly tail winds in the southern hemisphere.

A successful round the world flight by the Voyager would help boost America's need for fresh heroes after last year's space shuttle trauma. And although the commercial application of an aircraft like the Voyager is limited, it is proving to be a surprisingly useful test bed for new materials and equipment.

# Paraguay to introduce floating exchange rate

PARAGUAY has announced a major overhaul of its exchange rate policy, putting many exports and nearly all imports under a floating rate and bringing the country's fixed rates more in line with the currency's real worth, AP-DJ reports from Asuncion.

The sweeping reform aims to boost flagging foreign trade, stem a flourishing black market and free World Bank credits frozen in an exchange rate dispute.

The reforms were announced by Mr Delmi Ugarte, the Industry and Commerce Minister after a meeting of President Gen Alfredo Stroessner's top economic officials.

The exchange rate for foreign credits was fixed at 320 guaranis to the dollar, representing a 25 per cent devaluation from the old rate of 240 to the dollar, Mr Ugarte said.

The rate used to apply to all public sector imports and many private sector imports, such as farm machinery, but Mr Ugarte said almost all imports from now on would be transacted at the floating rate of exchange, which on Monday stood at 625 guaranis to the dollar.

An exception to the free import rate was petroleum products which would be imported at a rate of 400 to the dollar. Under the old policy, the rate

was 160 to the dollar. Paraguay imports all of its oil.

A new exchange rate also was set for exports of soybeans and cotton, at an average 400 to the dollar. It previously was set at an average 320 to the dollar.

All other exports would be traded at the free rate of exchange. Mr Ugarte said the cost of public goods and services, including electricity, telephones, water and transportation, would probably rise.

Soybeans and cotton represent 80 per cent of the country's registered export earnings, which totalled \$312m last year, according to the Government.

In the first half of 1986, exports totalled \$101.5m, down 44 per cent from the same period last year, while imports rose 30.5 per cent to \$283.5m, creating a six-month trade deficit of \$183.1m.

The figures do not include a rapidly growing trade in contraband, which according to World Bank studies is equal to or exceeds officially registered imports and exports.

The World Bank in mid-1985 began freezing credits of \$230m for nine development projects, saying the money would be made available only if exchange rates were brought more into line with the guarani's real worth.

# Alfonsin faces union protest

Argentina's General Confederation of Labour (CGT) is to hold an 11-hour general strike on October 9 in protest at government economic policies that "favour foreign money over the people's needs."

It will be the labour umbrella group's seventh general strike during President Raul Alfonsin's 24-month old government.

The CGT wants a 50 per cent increase in wages, says the Argentine's \$50bn (\$34bn) foreign debts and says Alfonsin's economic policies have led to lower wages and higher unemployment.

# Dominicans act on corruption

The Dominican Republic yesterday barred former president Salvador Jorge Blanco, accused of corruption in the press, from leaving the country, but the ban was later lifted, Reuters reports from Santo Domingo.

An exit ban on Mr Jorge Blanco's former defence minister General Manuel Caesero Gomez remained in force.

Supporters of Mr Jorge Blanco, replaced in May elections this year by Mr Joaquin Balaguer of the Social Christian Reformist Party, say Mr Balaguer's party is behind the allegations.

# University sells S Africa stocks

Georgetown University is to sell its \$28.5m holdings in companies doing business with South Africa, Reuters reports from Washington.

Mr George Houston, vice-president for financial affairs, said the Jesuit university would sell holdings in 45 corporations including IBM, Mobil and General Motors unless they pulled out of South Africa.

# Lawson snub angers Commonwealth finance ministers

BY OUR FOREIGN STAFF

MANY DELEGATES to a two-day meeting of Commonwealth finance ministers which began in Castries, St Lucia, yesterday expressed concern and irritation at the failure of Mr Nigel Lawson, the British Chancellor, to attend the meeting.

The conference is taking place as a run-up to next week's annual meeting of the World Bank and International Monetary Fund in Washington.

This is the second consecutive year Mr Lawson has not attended the meeting of his Commonwealth colleagues, representing 49 countries, most of them developing nations.

Delegates were only partly assuaged by the appearance of his stand-in, Mr Iain Stewart, the Treasury Economic Secretary, and Mr Geoffrey Littler, second permanent secretary of the Treasury. Mr Lawson is to meet the Group of Five industrial nations in Washington later this week and will address the IMF-World Bank meeting on September 30.

This diplomatic faux pas has only added to the mood of pessimism troubling many of the ministers.

Some representatives cited concern about the need to spur world economic growth, the problems of indebted developing countries and uncertainty about the short-term trend in the dollar. The meeting is intended to establish a Commonwealth stance over world monetary affairs.

Items being discussed during the talks include a need for more co-ordination of economic policies among major industrial nations, problems of indebted oil-producing countries caused by a drop in oil prices, and the threat of trade protectionism.

The talks are taking place against the backdrop of continued dissatisfaction among many Commonwealth countries over what they consider insufficient economic measures against South Africa.

Commonwealth minister are also determined to support actively a plan for greater surveillance of the economies of major industrial countries, given the slowdown in the US economy and the implications of this for the developed and developing world.

# Committee approves bill on home loans safeguards

THE HOUSE of Representatives Banking Committee yesterday passed an all-embracing banking bill to refinance the Federal Savings and Loan Insurance Corporation and give federal regulators more power to take over failing financial institutions, Reuters reports from Washington.

The bill, adopted 47-1, now goes to the full House. Supporters hope it can get final Congressional approval before adjournment, expected at the end of next week.

The bill would require the Federal Home Loan Banks to establish a financing corporation which would have to invest in FSLIC. Sponsors of the bill hope it can raise \$15bn to \$30bn for FSLIC over the next five years to help protect depositors in failed savings and loan associations.

The bill also gives federal agencies more power to arrange out-of-state takeovers for failing financial institutions.

Before passing the bill, the committee deleted a provision which would prohibit subsidiaries and affiliates of a bank holding company from conducting insurance activities.

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OVERSEAS NEWS

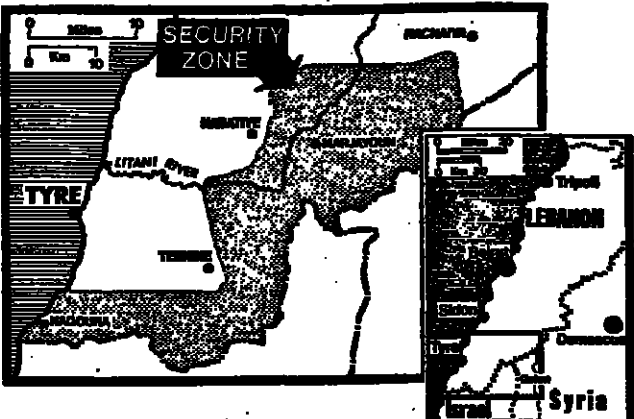
ANDREW WHITLEY REPORTS ON THE TROOP BUILD-UP ON THE LEBANON BORDER
Israelis react to fear of Hizbollah attacks

ISRAEL'S BUSE to shore up its northern defences on both sides of the Lebanese border is motivated primarily by the fear that if it does not act fast, its ally, the South Lebanon Army, will collapse.

Last week the radical Shi'ite Hizbollah movement successfully overran four SLA positions in the central sector of the Israeli-declared security zone, capturing prisoners and heavy weapons. The blow to the 1,500-strong mainly Christian militia's morale was crushing.

Israeli warplanes attacked suspected Palestinian guerrilla bases in hills east of Beirut yesterday, setting their targets ablaze, police told AP in the Lebanese capital. They said eight jet aircraft staged four bombing runs in the hills of Raysour, Keytoun and Eilat, about 12 miles east of Beirut. There were no immediate reports of casualties. Meanwhile, duty officers of the UN peace-keeping force in south

Lebanon said the Israelis made no move across the border yesterday. "Their tanks still are at the border and their artillery remained silent," one duty officer at the Irish UN contingent said. Israeli leaders have said reinforcements were ready to move in to help the Israeli-allied South Lebanon Army militia against an upsurge of guerrilla attacks by Iranian-backed Shi'ite Muslim extremists.



presence would simply hinder Israel's military freedom of action. In addition, the danger of direct clashes between the Israeli Defence Forces and United Nations soldiers — with all the grave political implications involved — would be far greater than at present. Near Boustany in Beirut adds: A reappraisal of the mission of the United Nations Interim Force in Lebanon (UNIFIL), dispatched to Lebanon in 1978 to oversee an Israeli withdrawal and to help restore state authority, is now under way. An officer of the Finnish battalion of the nine-nation force said at Beirut Qalawath, that UNIFIL's continuation in South Lebanon was "possible, but not easy."

Copyright boost for US chip industry

THE US semiconductor industry has won a significant victory in its effort to protect its chip designs from alleged Japanese copyright infringement with a federal judge's ruling that the "microcode" program in microprocessors is covered by US copyright law. The landmark ruling on Monday followed a copyright infringement suit filed 18 months ago by Intel Corporation, a Silicon Valley chip maker, against NEC Corporation of Japan. Intel has said NEC copied critical elements of the microcode that controls Intel's 8086 microprocessor — the chip used in IBM and similar personal computers — for use in its competing V20 and V30 microprocessors. Intel is seeking unspecified damages and an injunction to prevent NEC from selling the V20 and V30 chips in the US. NEC denies the charges and says it independently created its own microcode that emulates the functions of Intel's chips. The court has yet to rule on whether NEC has infringed Intel's copyright. A final ruling may be several months away. Intel said it had already achieved its primary goal in filing this suit with the extension of copyright protection to cover microcodes.

Gunmen penetrate to main runway at Islamabad

ONLY DAYS after the hijacking of the Pan American jumbo at Karachi, four gunmen have attacked and injured an airport security guard at the runway of the Islamabad International Airport. The guard was watching the outer edge of the airport runway in the early hours of Monday when he was injured by firing from automatic weapons, airport security officials said. The incident took place shortly before a Saudi Arabian Airlines aircraft was to land. This was to be followed by a British Airways flight from London. The four unidentified gunmen entered the perimeter of the airport fence. When they were spotted by the guard, he challenged them, and made the gunmen withdraw. However, the gunmen hid themselves in bushes instead of leaving the airport area. When they were warned that the guard would open fire, the gunmen shot first, injuring the security man. The shooting attracted the attention of other airport security officials who rushed to the spot. The gunmen escaped and no-one has been arrested so far, although the police have registered a case for attempted murder against the unidentified gunmen. The incident follows the September 5 hijacking of the Pan American Boeing 747 at Karachi, which was on a flight from Bombay to New York, via Frankfurt and London. Four Arabic speaking hijackers commandeered the Jumbo with nearly 400 persons and crew on board. The ordeal of the passengers ended after 16 hours when the hijackers began indiscriminate firing and tossed handgrenades among the passengers, killing 21 and injuring more than 100. In spite of intensive interrogation, police have been unable to establish the identity of four hijackers who were arrested and a fifth man who was later arrested at Islamabad for allegedly helping the hijackers. Each one of them was carrying four passports — all forged. The Saudi Arabian Airlines ticket office at Karachi was attacked by unknown persons several months ago while the Pan American ticket office was hit by attackers earlier. The cases were not resolved and no details were made public.

Mexican Minister in Tokyo debt talks

MR GUSTAVO PETRICIOLI, the Mexican Finance Minister, is due today to meet Mr Kiichi Mizuwaya, his Japanese counterpart, during a visit to Tokyo aimed at recruiting state and commercial bank support for proposals to ease Mexico's debt burden. The six-day visit by Mr Petricioli, who will also call on Mr Yasuhiro Nakasone, the Prime Minister, is described as unofficial. But its timing coincides with talks in New York on Mexican borrowings, ahead of the joint World Bank-International Monetary Fund meeting which is scheduled to begin next Tuesday. The Export-Import Bank of Japan, the country's trade financing agency, is expected today to provide the most substantial result so far of Mr Petricioli's stay, which ends tomorrow. Eximbank officials said formal approval would be given for \$1bn (258bn) in loans for three large-scale industrial projects in Mexico. Primarily, these cover the so-called Pacific petroleum project, involving an oil pipeline and an expansion of capacity at the country's Sicitars refinery complex. A steel plant and the development of export-oriented industrial ports are also included. The Japanese decision to commit the funds over two years follows a request by Mr Jesus Silva Herzog, Mr Petricioli's predecessor, during a Tokyo visit in April. The Nakasone Government is anxious to smooth the path for the heightened role it is set to assume at the World Bank, including increases in development assistance at official level. Japanese commercial banks, led by Bank of Tokyo have meanwhile been seeking clarity from the Mexican side on its request for \$5bn in new lending from private sector creditor institutions in the developed world. They are believed to be unwilling, however, to contemplate wholesale rescheduling of Mexico's existing \$52.5bn external bank debts, a course which had been suggested in New York.

Alleged Nakasone remark adds to ethnic controversy

NATIONAL INSULTS have been a source of some discomfort this month to Mr Yasuhiro Nakasone, the Japanese Prime Minister. But within hours of his return from a South Korean trip, having repaired bridges damaged by his new sacked Education Minister, he may himself have blown potholes in relations with at least three countries. Black and Latin American ethnic minorities in the US are responsible for a low level of knowledge among the American people as a whole, according to remarks attributed yesterday to Mr Nakasone. At least two Japanese language newspapers reported him as saying: "Since there are black people, Puerto Ricans and Mexicans in the US (its level of knowledge) on average is far lower than the high level in Japan. The comment apparently came during a study meeting at a rank-and-file gathering of his Liberal Democratic Party at Kamayama, west of Tokyo, on Monday. The accuracy of the newspaper accounts could not be confirmed yesterday, the autumn equinox public holiday, although the Prime Minister's office suggested that he had been misinterpreted. Mr Nakasone's alleged observation would obviously not have been for external consumption but it is nonetheless curious, not least for its timing. He returned on Sunday after a two-day visit to Seoul, South Korea, where he conveyed his regret to President Chun Doo Hwan over "improper" remarks made in a magazine article by Mr Masayuki Fujio, whom he had already removed from his cabinet. Mr Fujio had claimed that the Koreans were "also responsible" for the Japanese annexation of Korea in 1910. Although other items, including attending the Asian Games, were on Mr Nakasone's Seoul agenda, President Chun made clear that Mr Fujio had offended Korean national pride.

Iraq claims to have beaten back new Iranian attack

AN IRAQI war communique yesterday indicated that Iranian forces had started to build up pressure on the front to mark the sixth anniversary of the Gulf conflict and possibly the start of a major ground offensive. A military spokesman in Baghdad said that two Iranian infantry and marine attacks in the marsh lands around the Majnoon oil fields had been beaten off by "merciless fire" on the night of September 21-22. The Iraqi comments indicated that there had been fire on the southern sector north-west of Basrah facing the road from Baghdad. There was no comment from Tehran on whatever operation was underway. The Iraqi communique said that the Iranians had made a second "desperate attempt" against the same positions in the oil-rich area but that their boats and their occupants had been turned into "smouldering ruins." Observers speculated that the Iranians, with a massive build up in reserves, could have mounted yet another testing probe against the Iraqi defences. The Iraqi front has been under pressure for nearly two weeks along a 60-mile front of the northern sector north of Mehran. Early yesterday morning a UK-registered merchant vessel, the 12,972-ton Pawnee, was struck by rockets from an Iranian helicopter, near the island of Abu Musa, according to Lloyds shipping intelligence unit. No casualties were reported on the vessel which was on route to Dubai. Iran is reported by oil industry executives to have been badly hit by recent raids on Kharg Island, its main export terminal, where all of the 10 berths on the T-jetty are out of action.

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All letters and cards up to 20 gms to the Republic of Ireland will be charged at 18p postage from October 20th.



WORLD TRADE NEWS

# Renault calls for tougher curbs on Japanese cars

BY PAUL BETTS AND JOHN GRIFFITHS IN PARIS

RENAULT, the French state-owned car group, called yesterday for firmer action to restrict Japanese car imports in Europe. It also confirmed that it had been approached by Nissan over possible use by the Japanese car maker of idle production capacity at American Motors (AMC) Brampton plant in Ontario, Canada.

But Mr Jose Dedeurwaerder, Renault's commercial director, and a senior adviser to Mr Georges Besse, the chairman of the French car group, said Renault was not engaged in talks over collaboration between AMC, in which it owns a 46 per cent stake, and a major Japanese car producer.

Renault has been seeking partners for AMC as part of its overall cost cutting and restructuring strategy. Renault officials however confirmed yesterday that the talks with Nissan involving the possible use of Brampton production capacity had been halted. They also added that talks between AMC and Daihatsu of Japan over joint collaboration to produce a four wheel drive model for export markets had also been suspended.

Renault has nonetheless reached an agreement with Chrysler which will be using Renault's upmarket models — including the top of the line Fifth Avenue saloon — from next February.

Although Mr Dedeurwaerder confirmed that Renault's financial and industrial outlook was improving, he said the company remained vulnerable. Renault confirmed that it expects to cut its consolidated group losses this year to between FF 4bn-FF 5bn from FF 10.5bn (FF 15,966) last year and a record deficit of FF 12.55bn in 1984.

Renault's call for firmer action against the Japanese in Europe reflects concern over the French Government's commitment to liberal open market policies. Japanese car imports are restricted in France to 3 per cent of total domestic annual car sales. At the same time, the government is keen to encourage job creating foreign investments.

Mr Dedeurwaerder indicated

# House puts 12 more on US loan ban list

By Nancy Dunne in Washington

THE US HOUSE of Representatives has granted the US Export-Import bank a new six year lease on life and, at the same time, slapped new loan prohibitions against Angola, Afghanistan and ten other "Marxist-Leninist" countries.

Congress had previously forbidden Eximbank to provide trade financing to 18 "Communist" countries unless the President signed a waiver certifying that it was in the national interest to lend to them. The new reauthorizing legislation redefines those countries prohibited from loans as "Marxist-Leninist" and adds 12 new countries to the list.

In addition to Afghanistan and Angola, the list now includes, Benin, Congo, Ethiopia, Guyana, Kampuchea, Laos, Mozambique, Nicaragua, South Yemen and Surinam. Of these, eight are now receiving exim loans, which they must lose unless the president provides a waiver.

The new legislation contains the \$300m (£215m) "war chest" the president requested to combat the use of mixed credits, or financing which mixes commercial credit with foreign aid. Eximbank has already offered 13 mixed credit deals, three of which have been accepted, in anticipation of receiving the money.

It also provides \$15m to pay the real cost of the bank's direct lending programme. It allows Eximbank to subsidise commercial bank lending in support of trade, but only after it has first made \$70m in direct loans.

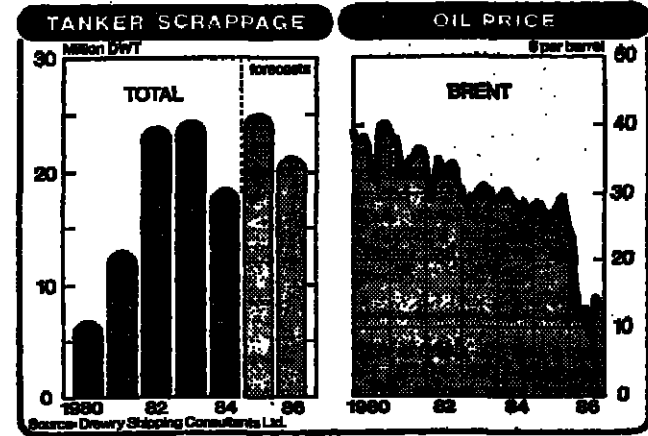
As a budget reduction measure, Congress is expected to give approval for the sale of Eximbank loans. The legislation would prohibit financing for production of foreign commodities that could be expected to compete with and damage US producers.

# Rolls wins engine orders

QANTAS AIRWAYS, the Australian international airline and Cathay Pacific Airways of Hong Kong have ordered Boeing 747s powered by Rolls-Royce RB211-524 engines. The deals are worth over \$60m (£38.2m) to Rolls-Royce for engines and spares.

# Shipowners fear another false dawn

Kevin Brown assesses the latest revival in the tanker market



September 1 gave a further boost to the tanker market as oil companies and traders continued to move as much oil from appreciation, leading to the recent oil price.

The market is now in a state of suspended animation as charterers wait to see what the effect of production cuts will be. The general view is that tanker loadings are likely to fall in the next two months, but that production ceilings are unlikely to work in the longer term because of the world oversupply of oil.

The latest indications are that rates are holding up well for tankers loading in the Middle East, though interest in very large tankers is waning. Pearnleys, the Oslo shipbroker, commented: "There could very well be a lull in chartering activity from the

towards a balance of supply and demand, reflected in the fall in surplus capacity from 124m dwt in 1983 to less than 90m dwt in December, 1985.

This trend has been all but halted, however, as owners wait to see which way the market will go. Only one tanker was reported as being sold for demolition in the whole of last month.

In addition the value of tankers on the second hand market has shown a major appreciation, leading to the repurchase of a number of ships after they had been sold for demolition.

The most dramatic indicator of the change of sentiment in the market, however, is the strength of orders for new ships, of which the \$100m (£67m) order for four 145,000 tonnes deadweight tankers by Gofoss-Larsen of Bernadina is only the most spectacular.

That order was followed by a \$70m contract placed by Adamantios Shipping Agency of New York for four oil products tankers. South Korean shipyards alone are reported to have won tanker business worth around \$450m in the past few months. Prices are said to be around half the level of four years ago.

The number of tankers laid up has also fallen, with the total tonnage now below 20m tonnes deadweight for the first time for years, according to K. A. Gibson, the London shipbroker.

A further reason for long-term optimism is the move out of tanker ownership by the major oil companies, whose share of the world fleet is estimated by Mr Simon Bergstrand, shipping analyst of the Central London Polytechnic Transport Studies Group, to have fallen from 40 per cent to 25 per cent in the last 10 years.

The effect of this is to increase opportunities for charterers, and strengthen freight rates, as soon as demand rises above the reduced capacity that can be handled by the oil companies' own fleets.

There are plenty of voices warning, however, that it is still too early to celebrate the end of the tanker market recession.

Intertanko, the international tanker owners' association, says continued scrapping is "the only way to achieve any sustainable improvements in the tanker market, provided of course that speculative new ordering is avoided."

This is a theme echoed by other voices in the industry worried that easily available commercial loans will trigger an ordering boom which will undo all the painful good work of the last 12 years.

The current situation is probably best summed up by F. F. Basse, the Norwegian shipbroker and offshore specialist, which likens the oil markets to a gigantic, and overly political, game of chess.

"The only certainty is total uncertainty. That applies not only to a worsening situation, but also to the possibility of improvement."

# Daya Bay plant loans top \$2bn

By CHRISTIAN TYLER, TRADE EDITOR

THE CONTRACTS signed in Peking yesterday for the Guangdong nuclear power station are supported by some \$2.5bn worth of loans to the Bank of China whose repayment is guaranteed by the French and British Governments.

France is backing a loan of around FF 11bn (£1.7bn) raised by a consortium led by the Banque Nationale de Paris, and the UK a credit of \$421m (£610m) through a group headed by the Midland Bank.

Chinese officials said the terms of the financing were the same in both cases. It is known that the UK credit is over 15 years, with a grace period of seven years, and at an interest rate of 7.4 per cent. The terms conform to the

rules of the Organisation for Economic Co-operation and Development (OECD) for long-term project finance for poorer countries.

But the interest rate is less than would have been required under a recent OECD agreement for funding of nuclear power contracts. A British Government official in London explained that the Daya Bay contract had been exempted, with the agreement of other countries, because negotiations began before the new rules were introduced.

The value of the contract for GEC of the UK which is supplying two 985MW turbine generator sets, is put at \$250m, but another £170m worth of equipment may be supplied by British subcontractors.

# Spain appeals for help on EEC steel imports

By QUENTIN PEEL IN BRUSSELS

THE Spanish Government has appealed to the European Commission in Brussels for extra protection from a surge in steel exports from other EEC member states.

Import quotas are already in effect for three major products — hot rolled coils, cold rolled sheets, and heavy plates — since last March.

Spain has now applied for similar safeguard measures — provided for under the terms of Spanish membership of the Community — to be applied to galvanised sheet and wire rod products.

Imports of galvanised sheet has increased from a monthly average of 580 tonnes in 1985 to 3,137 tonnes in the first six months of 1986, taking more than 14 per cent of the Spanish market.

Imports of wire rod have increased from a monthly 3,959 tonnes last year to 9,057 this year, raising the market share of the EEC countries in Spain from 6.2 to 15 per cent.

The Spanish request is being assessed by Commission officials, before Mr Karl-Heinz Narjes, the Commissioner for Industry makes a formal recommendation.

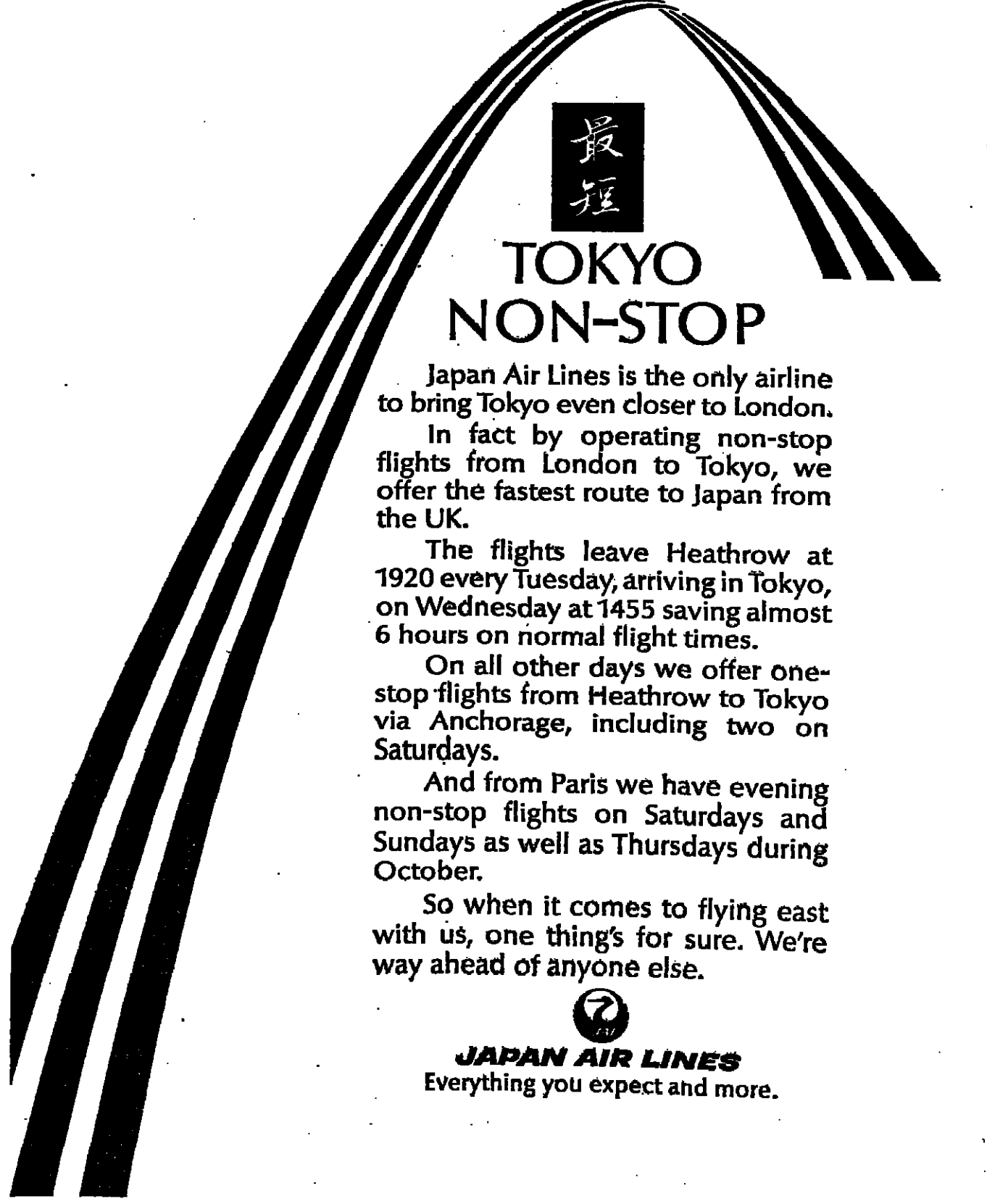
The safeguard measures, if approved, would last until the end of the year.



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This questionnaire is divided into four stages of growth which, in our experience, healthy companies go through in one form or another.

And if you look you can see below exactly where we can help you.

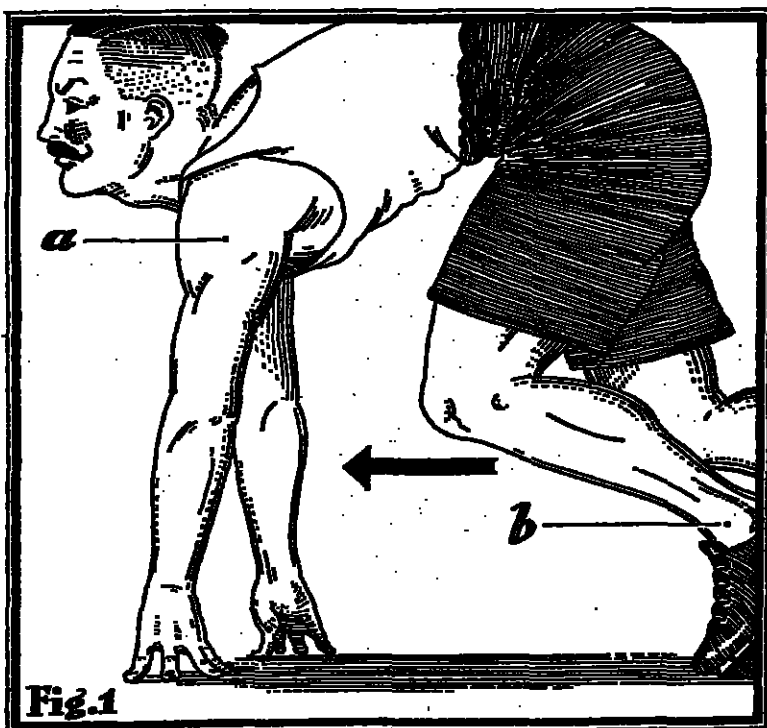
Tick the boxes in the appropriate section, fill in the personal details and return the whole advertisement to us.

In return we will contact you from our nearest Growing Business Unit which operates from offices all over the country.

Arthur Andersen & Co. is one of the world's biggest accountants.

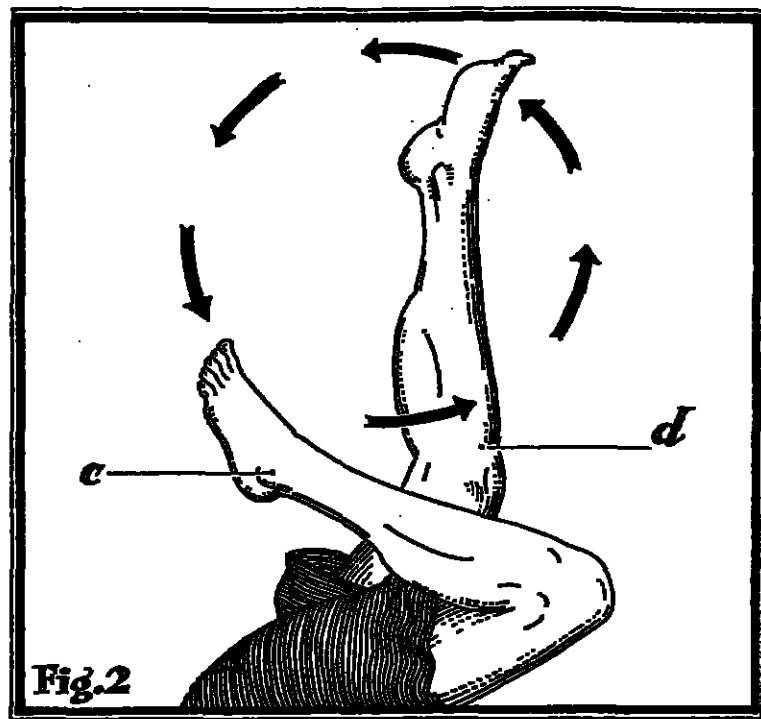
Much of our business is derived from companies that have grown up with us. Which is why, not unnaturally, we are keen to provide this service to growing companies.

## —STARTING A BUSINESS—



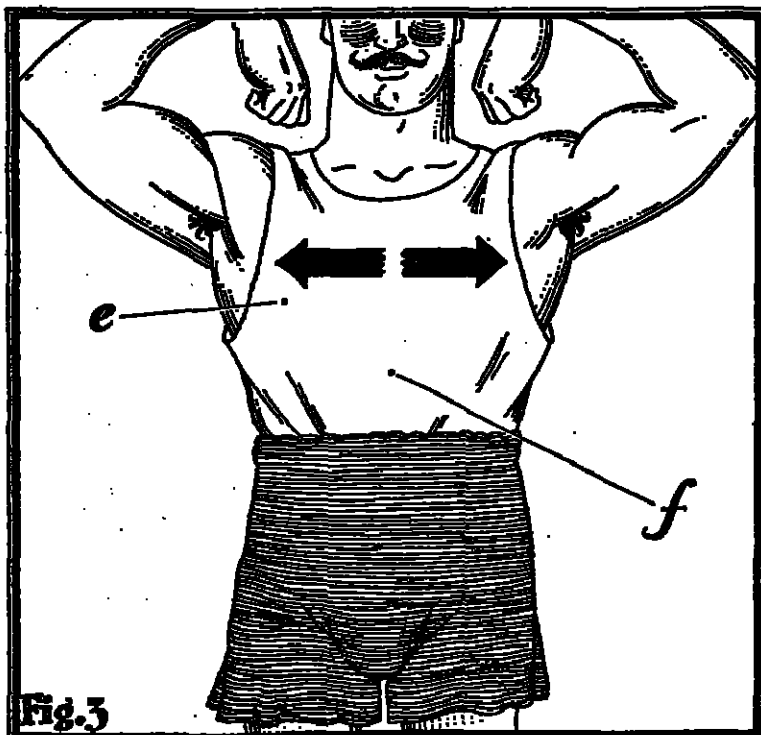
- Do you need help with your business plan?  YES  NO
- Do you need assistance in preparing and reviewing financial projections?  YES  NO
- Do you need tax advice on an appropriate legal structure?  YES  NO
- Do you need advice on financing strategies?  YES  NO
- Do you need someone to make contact with the specialists you'll need—bankers, lawyers, etc?  YES  NO
- Do you need help establishing accounting and other management information systems?  YES  NO

## RAISING FINANCE FOR DEVELOPMENT



- Do you need help to update the business plan?  YES  NO
- Do you need someone to talk to on systems development, timing and planning?  YES  NO
- Do you need help to establish procedures for preparing internal budgets and cash flow projections?  YES  NO
- Do you need advice on when and how to recruit a good Finance Director?  YES  NO
- Do you need help in getting all the grants, tax allowances and other assistance available?  YES  NO
- Do you need advice in assessing and meeting your financial needs?  YES  NO
- Do you need someone to introduce you to financiers?  YES  NO
- Do you need assistance in developing remuneration packages to attract key people?  YES  NO

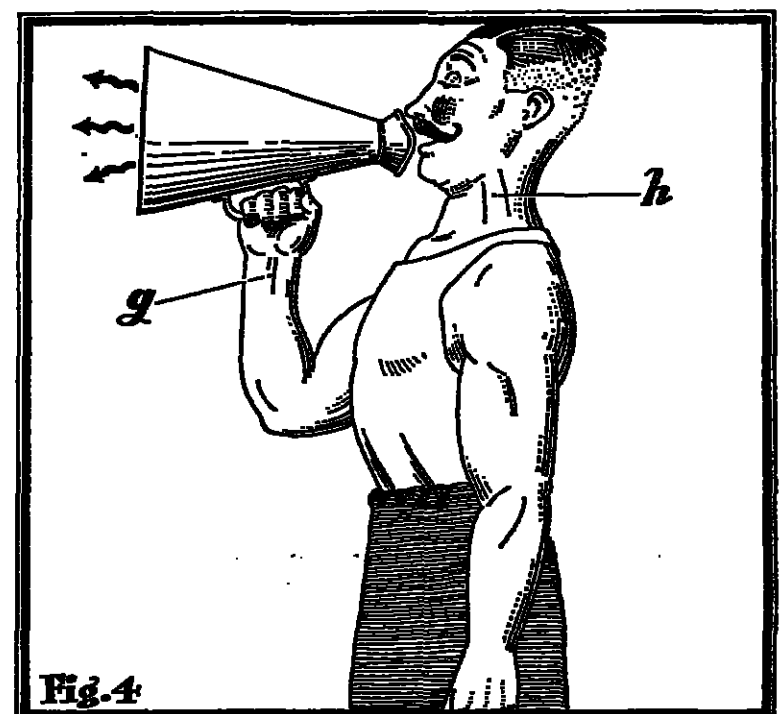
## —RAPID EXPANSION—



- Do you need assistance in strategic and organisational planning?  YES  NO

- Do you need help in developing computer systems which will help management's changing needs?  YES  NO
- Do you need training courses for management development?  YES  NO
- Do you need help to identify and assess companies available for acquisition?  YES  NO
- Do you need help to assess the tax, financing and other implications of overseas expansion?  YES  NO

## —GOING PUBLIC—



- Do you need advice on assessing whether going public will meet your business objectives?  YES  NO
- Would you like introductions to stockbrokers and bankers and someone to liaise with them?  YES  NO
- Do you need to talk to someone about public reporting responsibilities and what it means for your business?  YES  NO
- Do you need someone to help you prepare for going public?  YES  NO

### NOW YOUR DETAILS.

Please fill in the following details and return the complete advertisement to John Ormerod at Arthur Andersen & Co., 1 Surrey Street, London WC2R 2PS. We shall contact you very soon.

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MANAGEMENT SPECIAL: The Battle for Allied-Lyons

# The ministry of defence

By agreement and in strict secrecy, Christopher Parkes was a 'fly on the wall' when the UK brewing and foods group organised its resistance to a £1.8bn bid by Elders, the Australian brewer. His four-part report offers an intriguing and sometimes amusing picture of this corporate drama

## DAY 1

Monday, Oct 21 1985

THE AUGURIES were not good. Death's heads leered down from the plasterwork ceiling. Fleams, the stylised blood-letting instruments which also figure in the arms of the Worshipful Company of Barbers, twinkled in the television lights.

Apparently blinded to their presence, John D. Elliott squinted across the Barber-Surgeon's Hall at the antagonistic London Press corps. "Is he wearing stage make-up?" someone muttered.

The managing director of Elders IXL, an Australian brewing conglomerate, had lumbered into the hall of the City to announce his plan to take over Allied-Lyons, pluck out the brewing plum, sell off most of the rump and—with relish—sack the "tired" senior management.

Andrew Cummins, his strategy chief, sat impassive as John D. served up his cocktail of mild slanders, leaden irony, lawyerly jokes, a quote from Churchill's "my mentor"—and the merest sprinkling of hard information on his scheme for a leveraged assault on one of the biggest companies in Britain.

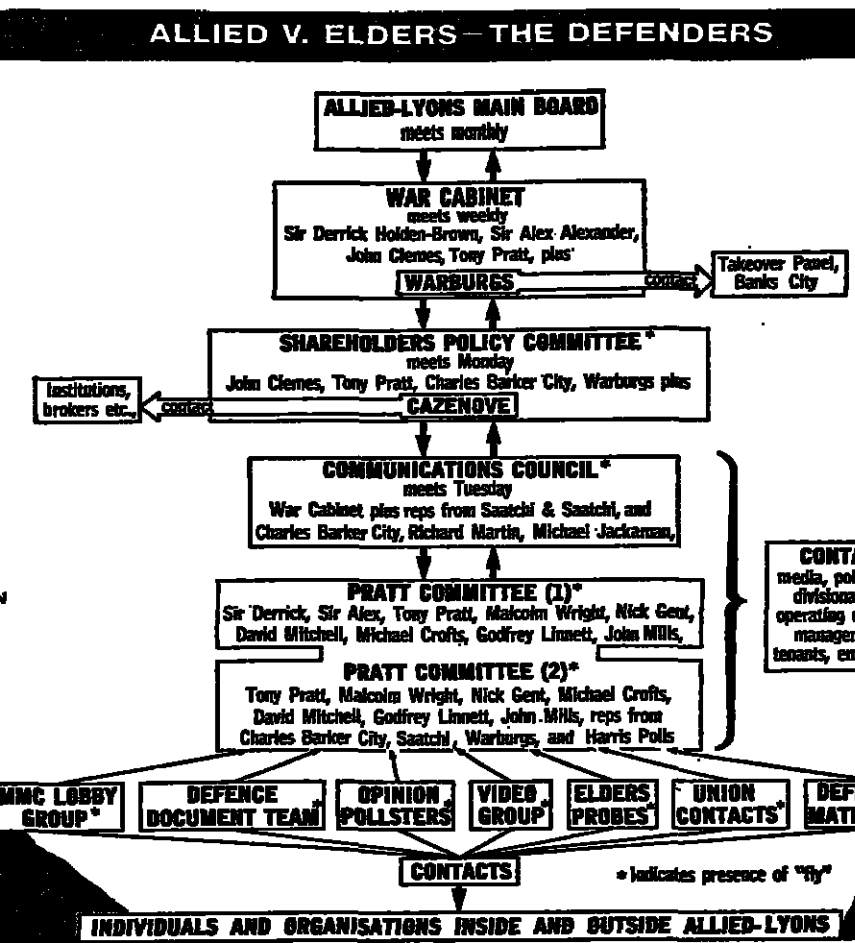
Sweating visibly, Elliott blew noisily on a Marlboro, unconcerned of the No Smoking signs, and fielded a handful of surprisingly tame questions from an audience seemingly mesmerised by the complexity—or unfounded by the sheer cheek—of his scheme to buy out a leading member of Britain's heritage with mostly borrowed cash.

"It's going to be a tough job to turn this company round," Elliott volunteered. Holborn's Henry VIII scowled from the wall to his left.

A spy from the Allied camp sat at the back, scribbling: noting the content of the conference, the mood of the press, the style of the man and sketching the anti-Allied graphs and diagrams which formed the backcloth to the presentation.



SIR DERRICK HOLDEN-BROWN



JOHN ELLIOTT

However, the Australian had come some way into the open. The long wait from September 5, when Elliott first formally called his intention to bid, was over. The group had been twitching nervously since the spring when it first detected unusually large transactions in its shares. We all agreed beyond the defence team with half promises of a chance to attack later, Warburgs set them digging trenches.

With almost 70,000 employees on the payroll, and—Elliott had taken pains to point out—about 100 managing directors in the group, Allied would be well advised first to set up a substantial internal communications network through which it could rally its troops.

Elders IXL was already at work. Citibank, the co-ordinator of the bid funding had already made at least one approach to an Allied subsidiary offering assistance should the managers there ever contemplate buying out their company from the group. Pub tenants had been questioned by a substantial internal communications network through which it could rally its troops.

He insisted that for the moment the company should maintain its defensive posture. There was work, albeit unexciting, to be done. "We must go on improving public attitudes towards the company as far as possible," he said. "The press coverage of the bid that we needed to improve the situation."

"We need to get across that this is a very solid, very serious, very successful company," he said. "I'm here to give someone a good kick in the balls. That's what I'm here for. . . . What the hell's going on?"

The significance of Warburg's morning message on communications was rubbed home at lunchtime by a transient presence stamping in the corridor. "What am I here for?" snorted an assistant managing director fresh from a meeting with the bid referees. "I'm here to give someone a good kick in the balls. That's what I'm here for. . . . What the hell's going on?"

The company lacked some of the most basic tools for corporate communications. There were plenty of channels in the three divisions and the plethora of operating companies. But there was, for example, no centralised register of employees. Headquarters had already been house rules by embarking on its first advertising campaign. Now it was to tinker with its carefully-constructed, highly developed management structure to get its message through at levels . . . and to place a finger on the company pulse.

Warburgs, in the meantime, was to work on uncovering the mysteries surrounding Elders, seeking cracks in his defences for the time an offensive might be considered timely. "Knocking copy" was being prepared and no effort was being spared to prepare a document which came to be known familiarly as "The Dirt on Elders."

Only when the earthworks were in place and ammunition dumps had been built up could Warburgs allow the defence teams to consider the main assault. Even then it would not be launched at Elliott the man, Elders the predator company or any of their associates.

The main target, Warburgs explained patiently, was to be the group of firm managers who were buying and selling on behalf of the City's pension funds, insurance companies and unit trusts. They numbered a mere 270, but between them they controlled more than 70 per cent of Allied's equity and the equity of the top 50 companies in Europe.

The company's formal communications network may have been shaky, but the jungle telegraph was throbbing

noisily. Half a day into the bid proper, rumblings had reached Allied House from all quarters. Echoes of concern sounded in the morning by Richard Martin were re-echoed in the afternoon as the Pratt Committee, the sweat shop through which most of the corporate defence effort was to be channelled, assembled for its orders.

Chairman Tony Pratt, plucked from the comparative calm of his post as group investment controller, listened patiently as his colleagues reported anxiously.

From the good division: "There is a lot of mud being thrown and they want to know why we are not throwing it back."

From headquarters: "There is a feeling that we are not being assertive. If there is a reason why we are playing it cool, then we should tell people."

Pratt, a resolutely good-humoured man, consoled them with a report of the feelings of angst apparent at the morning meeting. "The consensus was that we don't want to get down into the gutter," he warned.

"But we might later on," he offered, rubbing his hands. "For the moment, the main aim was to have the bid referred to the Monopolies Commission but not to be seen to be pressing."

In the meantime there was other work to be done. Indignation started to cook on his thumb-sucker article for the following day's first edition. It would argue that Allied should be left to fight alone and declare that the bid was not in the national interest.

It was to begin: "The phone lines between the City and Westminister are burning hotter each day as the lobbyists begin to pressure . . ."

But the phones had yet to ring. At Allied House the only pressure evident was coming from Warburgs and being applied to some in the Allied management team who were again straining at the leash.

Organising a lobby for the bid to be referred to the Monopolies Commission, one of the most vital—and certainly the most delicate—manoeuvres of the whole campaign, the merchant bankers were taking no chances. Warburgs director immediately. Allied's John Mills, group head of corporate planning, and the man charged with co-ordinating the lobbying process, looked peeved as the Warburgs game plan plopped on to the table.

"Arrogant as ever," offered Richardson, by way of an apology. "There was much concern that Harry Greenaway, MP in Lyons-Telley territory, Esling North, had had the temerity to jump the gun and without so much as a by-your-leave, to table a

Parliamentary question demanding a reference to the Monopolies Commission and a statement from the authorities. . . . Then Trade and Industry Secretary. . . . One prefers to have things controlled rather than shooting off in all directions," murmured Arthur Adler, a political lobbyist specialist from Charles Barker, Watney and Powell.

Control was all. The objective was a precise as the wording was tendentious. The aim of the Allied lobby was: "To enable the Secretary of State to reach the correct decision on whether to refer the proposed takeover to the Monopolies Commission."

The rules were strict: Allied was not to be seen to be attempting to gain a reference. If asked by journalists, Allied would reply "the decision is a matter for the authorities."

A rigid timetable was set down, targets were chosen and Sir Derrick and Sir Alex found themselves nominated as the principal hit men in a campaign which was to stretch from 10 Downing Street to the leg washing plant in the Alcoa Brewery in Scotland. Using weapons ranging from a gentle word in the ear to a heavy hammer, they were to attempt to effect a substantial slice of the population with a stunningly sophisticated propaganda programme.

The gregarious vice-chairman—Sir Alex is said to boast an address book as thick as a telephone directory—had already been warned not to make contact with anyone among his many friends in the Conservative Party.

"There are about 120 in the party who are either ministers or part of the Government in some way," said Mills. "In there's another 150 or so who if they raised anything in the House would be laughed at because they don't understand the time of day."

"We don't want the issue raised in the House," ruled Richardson. "The aim is rather for them to write to the minister individually and say 'the last thing I want is job losses in my area.'"

"We have only one bite at this," he said. "We must be sure we get it right. My last two big conferences have both gone to the Monopolies Commission. We're going for a hat-trick and we're relying on you," he winked.

Richardson took a back seat only when the Allied executives began to labour with the looming problem of the trade unions' role in the lobby. Elliott had stolen a march and yesterday made a cursory attempt to reduce shop stewards in the beer division. Reports of the talks had already reached Allied.

Elliott, the reports said, was concerned that he had not given any assurances about jobs at his Press briefings. Since the beer business was the portion he most wanted to keep, he had felt it necessary to build bridges. Sir Derrick had come forward promptly, calling friendly contacts at the General and Municipal Workers Union "trying to damp things down."

The company faced a considerable dilemma. The unions, concerned mostly about job security, were an important link in the lobby chain. They would be asked for their views by the Office of Fair Trading and brought back into the picture again should the Monopolies Commission investigate.

But corporate policy ruled that contacts with unions were to be handled only at local level. Headquarters had minimal contact.

"We have some friendly

making demands: "Anything on Elders. We need as much factual dirt as we can get."

Unusually the Office of Fair Trading had asked the company to provide a defence plan summary—to be known fondly as "the charge sheet"—to help guide it during its verbal interviews with Elliott and his advisers.

Warburgs men were puzzled for once: "It's very unusual." The OFT, it appeared, had asked "because all the elements which usually arise in these cases are missing." It was clear that the authorities were as much in the dark about Elders IXL, the structure of the bid, its backers and its intentions as the crew at Allied.

"It's good that they asked us. We can punch them along the right lines before they see Elders," the lawyer noted cheerily.

But first the lawyers had to defend Allied against the Elders charges. They needed the fullest possible market share information about the group's products and everything on investment to refute the accusations that Allied was losing ground in the marketing battlefield and consistently coming second. More time was needed for Pratt's men.

But the mention of "dirt" was much more enticing. Elliott had boasted of his management expertise. What evidence was there of this? Warburgs claimed he had cut a swathe through the senior Elders ranks, getting rid of anyone over 50.

"Terrific stuff," said the lawyer, unconvincedly. Remembering Warburgs' stringent standards, Richardson promptly back-peddled. "We must avoid making assertions which are not absolutely supportable," he said.

The bank had been delving in Elders accounts, however, and one or two question marks had shown up . . . a disaffected Elders executive was helping . . . about the financing of the company's scheme for selling Australian publications a share in their pubs . . . Elliott's finance subsidiary had recently taken over a 50 per cent stake in a £2.8bn net assets of £138,000.

What did it all add up to? "It's a pretty scary story when you lift the lid off," suggested Seligman, again without much conviction. The seekers after truth appeared to have little of substance with which to attack the opposition.

They seemed to be making cheerful noises to keep up their morale rather than following their usual incisive track.

The lawyers, who had only a few days left to prepare their charge sheet, tried to keep up the pressure. "Can you say the doesn't give a bigger for useful ideas."

Melanie Gee, delving for Warburgs, claimed Elliott did not appear to worry about employee relations. But this was not quite what the lawyers needed. He appeared to be quite generous when redundancies were called for. His operation had been a success. But this was recently that he appeared not to have had the time to establish proper links with the workforce.

The lawyers, meanwhile, were listening to a stream of communications of a different order. They had been struggling to discover the precise links between Elders IXL and the tangle of subsidiaries and associates which led to the big on Allied's doorstep. They had tried to get an impressive diagram embellished with boxes, brackets, lines straight and wavy, and a liberal sprinkling of . . . and a liberal sprinkling of . . . and a liberal sprinkling of . . .

Legal experts were also delving in the Cardiff Companies Registration Office and rummaging through the backroom of Elliott's associations in Monaco.

They had one harsh fact: "Despite the claim in Hill Samuel's (the merchant bank advising Elders) latest announcement that 'the ultimate interest in the offers is effectively that of Elders alone,' Allied-Lyons could equally well fall into 100 per cent ownership of the banks . . . Unless the loans are the economic interest in the offers remains firmly with the banks."

Warburgs was in touch with the Bank of England on the vexed question of the banks' involvement, checking whether Threadneedle Street had any authority to intervene. The legal position of Citibank, the consortium leader.

Working from tips in press reports, Warburgs had concluded that the Elders offer document was likely to be published on November 18. Working forwards, Seligman noted that crucial dates for the comforters were straddled on Christmas holiday. Allied's last date for publishing profit forecasts would be December 27 and Elliott could revise his offer on January 3. As was to emerge later, the Australian had a record of timing bids carefully to ensure maximum discomfort for the targets.

Now the lawyers are

## DAY 2

The Allied-Lyons defence corps pored anxiously over a photocopied digest of the intelligence-gathering mission. The men from S. C. Warburg were particularly taken with the abusive distortions of the Allied logo in the press conference scenery.

"It was on TV and in effect advertising. I think we should show him to the Takeover Panel," enthused Michael Valentine, a Warburgs director, juggling his copy of the Takeover Code.

Everyone seemed much happier. The first counter punch, more of a feint than a telling blow, had been thrown. Valentine, a prime mover in the six-man merchant banking team assigned to guide the Allied defence, and who was to emerge as a skilled trainer and occasional target for the brewer's team, had demonstrated the artilleryman's art of firing a sighting shot.

As happened frequently in the opening days of the defence, the Allied management had started the day psyching itself up into a gun-blo, up-and-at-it-sim temper.

Sir Derrick Holden-Brown, Allied chairman, smiled indulgently at the early morning assembly. A sleepy A. accepted a newspaper report on yesterday's press conference was tossed onto the boardroom table: "That's one in the eye for Elliott. . . . Every journalist I've spoken to left the presentation with a nasty taste in his mouth."

The Elliott personality played an important role in the early phase. Lacking any real detail on the substance of the bid, and knowing surprisingly little about the attacking company, the defenders had little to go on. The structure of the bid and the significance of IXL, the off-the-shelf company formally making the offer, were mysteries.

The Allied camp relied heavily on their own and media perceptions of the bid to keep up their morale. He had insulted them and their company. They were "tired"—even "awful"—the food division was a "hotch-potch," and most of the group's major products were under attack in their markets, Elliott claimed.

Entirely subjective judgments on his physique, demeanour, his "piratical" manner, his smoking and vague reports of ruthlessness in his home territory all served to fuel the tendency to personalise the affair. It was rare to hear the company name. The name was "Elliott."

## DRAMATIS PERSONAE

The principal characters in the narrative include:

- Allied-Lyons: Sir Derrick Holden-Brown, chairman; Sir Alex Alexander, vice-chairman; John Clames, finance director; Richard Martin, main board director; Michael Jackson, main board director; Tony Pratt, group investment controller; Malcolm Wright, beer division; David Mitchell, J. Lyons; Nick Gent, who led the bid; John Mills, headquarters staff; Geoffrey Linnet, MI; Michael Crofts, MI; S. & Westbury; Michael Valentine, director.
- High Richardson, director; Mark Seligman; Melanie Gee; Harry Henderson; Saatchi & Saatchi; Michael Dobbs; Charles Barker City; Jasper Archer, director; Lawrence Tebbel, chairman, Conservative Party; Leon Brittan, former Secretary of State for Trade and Industry; Hugh Richardson, Minister of the Exchequer.

## DAY 3

11.00 am, the Lobby Group

Anthony Hilton, City Editor of the London Standard was asked to start work on his thumb-sucker article for the following day's first edition. It would argue that Allied should be left to fight alone and declare that the bid was not in the national interest.

It was to begin: "The phone lines between the City and Westminister are burning hotter each day as the lobbyists begin to pressure . . ."

But the phones had yet to ring. At Allied House the only pressure evident was coming from Warburgs and being applied to some in the Allied management team who were again straining at the leash.

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## DAY 8

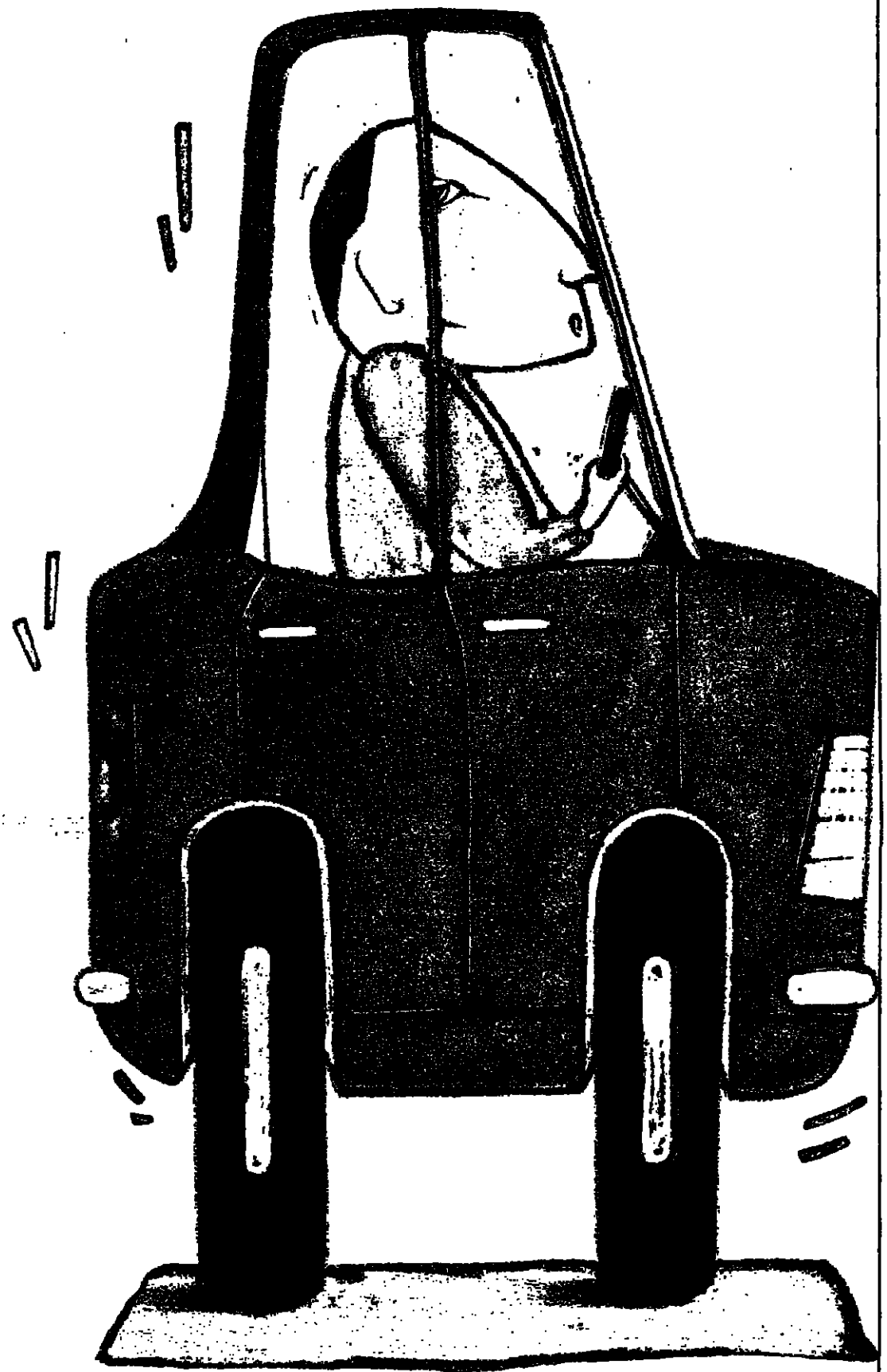
Defence Group

Elliott had a hard time in his interview on the Money Programme last night. He had shown himself to be weak on detail. Even so, he was getting the air time, and on the principle that any publicity was good publicity, he was on up on Allied.

A modest point, but it was enough to give an extra edge and pliancy to a gathering called to collect defence material. Now the lawyers are



# WHY WE SQUEEZE A YEAR'S DRIVING INTO A WEEK.



Bolted into the average motor car, an engine clocks up about 10,000 miles in one year. Bolted onto a computerised test rig, an engine clocks up about 10,000 miles in one week. Seven days and seven nights of remorseless pressure. We put engines through this and many other tests at our Cheshire Research Centre. The aim is to fine-tune our fuels and lubricants. And to make sure oil and petrol design pushes ahead as fast as, or faster than, engine design. Also, we must admit, to squash the hopes of our competitors.



YOU CAN BE SURE OF SHELL

UK NEWS

# Anthony Moreton examines how the leading acrylic fibre producer is meeting the demands of a changing world market

## Courtaulds spends £1.5m to spin a yarn for its future

COURTAULDS, the world's leading producer of acrylic fibre, will be able to increase output of the yarn from its Grimsby plant by almost a third with the introduction at the beginning of this month of a £1.5m line at the factory.

Acrylics are particularly suitable for the knitted-goods industry, and the unit is part of a rolling programme costing some £5m to £6m a year to keep the company ahead of the competition.

Mr Harold Beaufoy, chairman of Courtauld, the company's acrylics arm, says: "Five years ago we did not really know if there was a long-term future for the fibre. Our track record over the intervening years not only shows it has a future but also that we are the company to benefit from it."

Courtauld is one of the world's top six textiles to clothing concerns. These sectors account for about 70 per cent of its £2.17bn annual turnover.

It does not break down the figures for acrylics but output this year is expected to reach about 190,000 tonnes, giving it a quarter of the European market and a slight lead over its nearest competitor, Bayer of West Germany.

In capacity, though, Courtauld has a strong lead. It accounts for 27 per cent of European capacity compared with

Bayer's 19 per cent and 17 per cent for Montefibre of Italy.

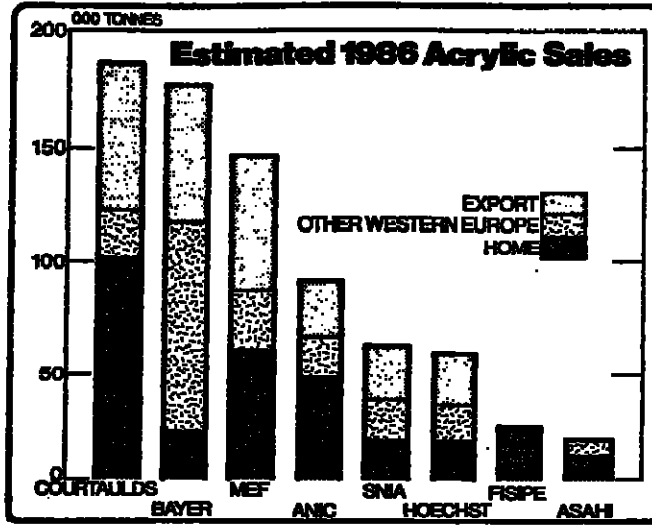
Acrylic is very much the European fibre. Nylon, the first of the three great man-made fibres, was discovered by Du Pont and remains the bedrock of the US industry. Polyester was developed in England but has become the Far Eastern fibre.

Acrylic remains European, geared to the knitted-products industry and a suitable fibre for use on its own or blended with cotton or wool by the sophisticated clothing manufacturers. Montefibre, Anic and Sna of Italy, West Germany's Hoechst and Portugal's Fielpe all directly compete with Courtauld, though only Bayer and Montefibre come anywhere near it.

Mr Beaufoy believes Courtauld has been able to consolidate itself at the top in spite of demand for fibres having been pretty flat over the last decade through a deliberate policy of getting closer to the customer.

"The basis of our strategy," he says, "is not just to be the leader in our chosen market sectors through strong brand marketing but also to produce near to the customer. He does not want to be hunting around the world for suppliers."

Courtauld supplied that demand until 1984 from two



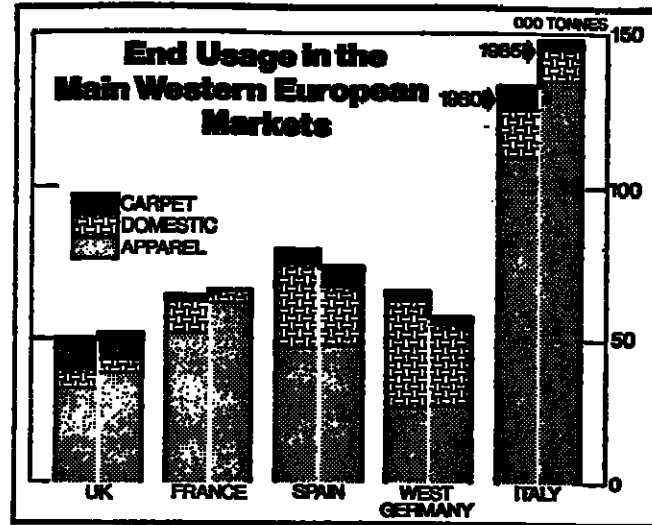
factories, the Grimsby plant and another in Calais. Then it bought El Prat de Llobregat in Barcelona from Cyanenka and expanded its empire.

The Spanish acquisition was important not only because it took Courtauld into the second largest individual market in Europe but also because it was then producing in countries that, in total, bought more acrylic than the European leader Italy.

The Italians, with their strong fashion industry, consume almost 150,000 tonnes of acrylic a year, more than 90 per cent going to clothing. Before the Spanish purchase, Britain and France were consuming about 110,000 tonnes with Spain, the figure rose to about 180,000 tonnes.

Breaking into the Italian market would have been difficult, given the strength of the three Italian producers. But Courtauld now has "home" markets which are virtually as strong.

Courtauld claims one big



advantage over its competitors: in how it dyes the fibre.

"We dye the fabric in over 100 different colours every week," Mr Beaufoy says, "of which 10 to 15 will be new ones to a customer's specification."

"To meet our customers' needs we have developed a system, called Neochrome, by which we impart the colour to the fibre while still wet. This gives enormous advantages over conventional batch dyeing."

The advantage of Neochrome is not just in the dyeing process. The real importance is that it allows small amounts of output, under five tonnes, to be produced more cheaply than by the conventional process. Neochrome-dyed acrylic costs between 15p and 20p a kilogram for orders of between five and 10 tonnes compared with 20p-25p for traditional spun-dyed fibre.

At the same time, it is possible to switch colours on the production run much more quickly. Some companies take up to seven hours to change colours. Courtauld has got the time down to about 14 minutes.

Both speed of change and the ability to produce small amounts of fibre at low cost are exactly what the customer wants. Faced with increased import competition from low-cost sources, the garment manufacturer is reacting by changing fashions and styles more frequently. The traditional two seasons—spring and autumn—have long been replaced in Europe by at least four, with six not uncommon. The change in emphasis at shop level would have been impossible without developments such as those which Courtauld has helped pioneer on the factory floor.

Mr Beaufoy is aware that this leading position will be maintained only by "continuing to invest steadily." Imports from Taiwan, South Korea and Turkey are beginning to creep up.

To keep Courtauld ahead he is looking for other countries to buy into. With Europe virtually a closed book, because there are so many strong competitors, and the US a "missed opportunity for Europeans," the logic of his thinking, though he will not officially admit it, leads to Latin America.

"This strategy also demands

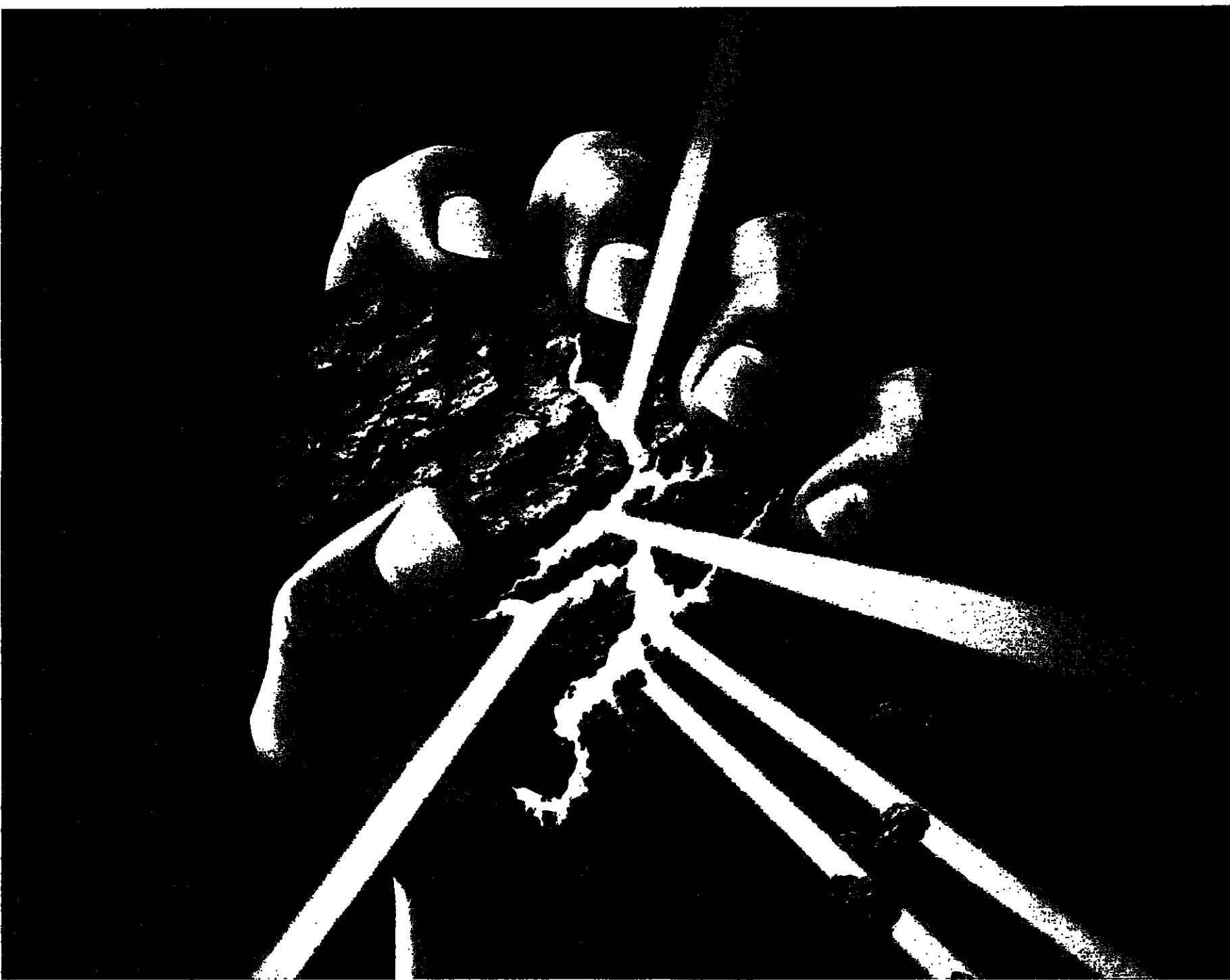
that Courtauld should move into other high-performance uses for acrylic. According to Mr David Buck, textile analyst at brokers de Zoete & Bevan: "A small but fast-growing part of Courtauld's acrylic business is in industrial textiles for carbon fibre manufacture where £20m sales are growing at a minimum of 20 per cent a year."

Courtauld has about 10 per cent of the world market, through Hysol Gradil, a company half-owned with the Dexter Corporation of the US, supplying advanced polymer composites, a sector that has been growing at more than 40 per cent a year for the past five years.

Carbon fibre, although small, typifies the sort of specialisation, alongside Neochrome, which is building Courtauld's position of strength for the future, according to Mr Buck.

The company is making a hydrophilic fibre on an experimental basis to be able to produce, eventually, a small-volume specialty fibre. Other research is being undertaken on high-instrate fibres and with a more absorbent fibre for use in medicine.

"There has been a recovery in confidence in fibres," according to Mr Beaufoy, "and Courtauld is well placed to take full advantage of it."



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**Message from the Secretary of State for the Environment**

We are all aware of how unsightly, offensive and dangerous litter is and how it mars our surroundings less pleasant. It can affect each one of us, either in the cities, towns and villages where we live and work, or on the beach and in the countryside when we relax. Litter is also costly to clear up. The sad fact is however that litter is unnecessary. We create it ourselves through thoughtless actions and careless habits which could be avoided by more consideration. It is difficult to persuade people to exercise responsibility for their waste, and it is in this regard that the Keep Britain Tidy Group make an invaluable contribution. Their Community Environment Programme offers a comprehensive approach to litter abatement and involves all sectors of the community in tackling the root of the problem by aiming to change attitudes. The past year has shown the Group's continuing success in encouraging local authorities to adopt the well-known Programme. This success owes much to the use of the Group's staff employed under their Community Programme Agency with the Manpower Services Commission. It is encouraging to record other achievements. The Beautiful Britain Campaign has again attracted more support and participation from local authorities, voluntary organisations, industry and commerce, and this year has seen the publication of the Group's latest research report on marine litter.

I can truly say that the Keep Britain Tidy Group is an excellent example of how organisations can assist Government in its tasks, and indeed how, through the efforts of a number of dedicated and the goodwill and enthusiasm of others can be harnessed to help establish the urgency of litter from our society. However we should not be complacent. Our streets and public places beset with litter still need much work to be done and I wish the Group success in the coming 12 months in extending the take-up of the Community Environment Programme and through their involvement in wider environmental initiatives.

Michael Fisher *Secretary of State*

The CBI says "Clean Up - it's Good Business"  
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\* Extracted from the Group's Annual Report 1985/86.

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UK NEWS

Steel suffers defeat in crucial defence vote

BY PETER RIDDELL, POLITICAL EDITOR

MR DAVID STEEL, the Liberal leader, yesterday suffered a highly embarrassing, but not necessarily irreversible, setback in his hopes of producing a joint Alliance nuclear defence policy with the Social Democratic Party (SDP).

After a tense and impassioned two-hour debate, the Liberal Assembly in Eastbourne decided by 652 votes to 628 to back an amendment that any British contribution to collective European defence should be non-nuclear.

This vote was despite the original view of Mr Steel and most Liberal MPs that the amendment would close off the possibility of discussions about nuclear policy between Britain and France, as the Alliance leaders have recently proposed.

The vote will undoubtedly cause strains within the Alliance as SDP leaders will feel that Mr Steel has failed to deliver his party for the European compromise, which the SDP last week backed.

However, Mr Ian Wrigglesworth, an SDP MP, tried to draw some comfort by saying the Liberals were not unilateralist. The result will, however, be seized upon by Tory leaders to attack the Alliance's credibility.

Mr Steel himself, who did not speak in the debate, quickly moved

to minimise the significance of the vote. He described it as "only an irritant and not a serious setback". He said he would live with the result in view of the narrow margin and the interpretation placed on the amendment by the movers.

The Liberal leader said that the proposers had denied that the amendment was an obstacle to further discussions with the French and accepted that the Liberals could not obtain 100 per cent of what they wanted in any Alliance election programme.

These ambiguities of wording may allow Mr Steel to produce an agreed formula next year, but he will have to take into account the strongly anti-nuclear tone of yesterday's debate.

Mr Steel and his advisers had been confident of victory, after conciliatory gestures on Monday by Dr Owen. The defeat partly reflected the desire of Liberal activists to assert their own party's identity and long anti-nuclear record within the Alliance. But there was also widespread suspicion of the recent proposal by Mr Steel and Dr Owen for British/French nuclear discussions and for an alleged new Euro bomb.

Unusually for a party conference, the vote also appeared to be influenced by the debate itself with the most effective contributions coming

from the strongly anti-nuclear side. In particular, in a warmly received speech, Mr Simon Hughes, the Liberal MP for Bermondsey, argued that nothing in the amendment precluded discussions with France and he emphasised the need for a non-nuclear approach.

Yesterday's debate provides a parallel with the decision two years ago, also against Mr Steel's wishes, to urge the removal of US cruise missiles from Britain. On that occasion, Mr Paddy Ashdown, the Liberal MP for Yeovil, acted as Mr Hughes did yesterday in challenging the leadership. But yesterday Mr Ashdown sided with Mr Steel, despite his reservations about any British/French nuclear deterrent.

The backers of the amendment were claiming last night that the vote would strengthen Mr Steel's hand in talks with the SDP, though there are no signs that Dr Owen will change his belief that Britain should remain a nuclear power at the moment.

Opening the debate, Mr Jim Wallace, the party's Defence spokesman, said that the amendment would foreclose a possible and important early stage in the initiative with Europe started by Mr Steel and Dr Owen.

Convergence report, Page 13

GM fixes price for truck plant viability

ABOUT £700 must be cut from the production cost of each Bedford van if the Luton, Bedfordshire, factory where they are made is to be internationally competitive, employees have been warned by the parent group, General Motors of the US, Kenneth Gooding writes.

GM announced recently that 700 more voluntary redundancies were needed at the van plant and the 2,500 employees have been told that this is only one of the measures necessary to reduce the average cost of producing each vehicle by £500 almost immediately. The rest of the cuts must be found "in weeks rather than months," GM told them.

The large press shop at Luton north of London, is seriously under-utilised, GM said. In June the group called for 340 voluntary redundancies from the facility.

The company has spent £50m in the past few years to reorganise the Bedford van plant so that it can produce two small vehicles based on Japanese designs alongside its own 68 panel van.

Sales of the one-tonne Bedford Midi launched early last year and based on an Isuzu design, have not lived up to GM's expectations either in the UK or Italy, a key export market. There has been some short-time working this year.

BRITISH TELECOM'S share of the large private exchange market is understood to be falling. BT entered the market only three years ago, but in the year to March it held a 60 per cent market share, according to one estimate.

Sir George Jefferson, BT chairman, is believed to have told a union delegation representing telecommunication equipment workers that BT is now losing market share in this segment.

Unions expressed concern about what it claimed was the increasing tendency for BT to buy equipment from abroad while some important markets still remained closed to UK products.

UNIVERSITIES in Britain were safe from closure, Mr Kenneth Baker, Education Secretary, said. "I will not even consider any such proposal," he told the Committee of Vice-Chancellors and Principals at a meeting in Edinburgh.

"I want to see a higher proportion of our young people and more older students going into higher education of all kinds. The alternative - of contraction in the system and closure of institutions - simply does not square with the country's need for highly qualified manpower."

TRANSPORT is increasing steadily as a proportion of the average British household's budget and has now reached 15 per cent, according to figures released yesterday by the Department of Transport.

The department's annual review of transport statistics shows that in the first nine months of last year the average household spent nearly £21 a week on motoring, more than five times as much as on other forms of transport combined.

DRUG companies face action by a future Labour government that will curb their profits, Mr Michael Meehan, the party's chief health spokesman, said.

He claimed that the Government was allowing the drugs industry to increase further its "substantial profits" and that Mr Norman Fowler, Social Services Secretary, had abandoned any attempt to curb exploitation of the National Health Service by the pharmaceutical companies.

NABISCO breakfast cereals factory at Welwyn Garden City, north of London, will receive a 6.55 per cent wage rise this year under the 14th long-term pay deal negotiated by the food processing group.

Unions hail Telegraph agreement

By Raymond Snoddy

MR Andrew Knight, chief executive of the Daily Telegraph newspaper, yesterday described the conciliatory agreement reached with production unions on the Telegraph's London Docklands plant as a benchmark for the rest of Fleet Street.

Mr Knight was speaking before a signing ceremony in the new £15m printing plant in West Ferry. "This is the first negotiated agreement and has features I suspect which other publishers did not expect to get in theirs," Mr Knight said.

The agreement, which provides for a 10 per cent contribution in minimum levels and binding arbitration, was signed on behalf of Sogat 82 by Mr Bill Miles, general officer of the union. Mr Miles said the agreement was just a step towards making the Telegraph viable and showed a common-sense approach by his members.

"The meaning levels, rates of pay, job security and procedure agreed are, I believe, going to work," said Mr Miles.

Ms Brenda Dean, general secretary of Sogat, had intended to sign on behalf of her union but was delayed. She said in a statement that the agreement demonstrated that with good will on both sides unions and management can reach collective agreements satisfactory to both parties.

The other production unions have already agreed to sign the deal which was largely reached at plant level between management and local chapters (union branches).

The new plant, which will be operated by 670 people compared with 1,080 at the old presses in Fleet Street, will start producing newspapers this Sunday and be fully operational by next April.

The agreement is seen as having a number of landmark features. They include: minimum levels based on technical requirements; plant bargaining in a joint steering committee; binding arbitration; no-disputes undertaking all provisions included in legally binding individual contracts of employment.

Hopes rise of new calm in coalfields

BY CHARLES LEADBEATER, LABOUR STAFF

THE FIRST meeting between National Union of Mineworkers and Sir Robert Haskins, the chairman of British Coal, ended yesterday with both sides holding out the hope of a more conciliatory approach to industrial relations in the coal industry.

After a three hour meeting Mr Arthur Scargill, union president, said he hoped the union would have a "continuing dialogue" with the board of British Coal. He said Sir Robert had offered an "open door" to the union to talk about issues in the industry.

Sir Robert said: "There was a good level of discussion, it was frank and calm. There were no histrionics, and some meeting of minds."

The possibility that this meeting, the first between British Coal and the full executive of the NUM since May 1984, could open the way to more conciliatory industrial relations in the industry still hangs in the balance.

Mr Scargill said that although British Coal had agreed to consider some of the points the union raised, the meeting had revealed basic differences between union and management.

The union's executive will meet tomorrow to decide their response to today's talks. Mr Jack Taylor, the leader of the Yorkshire area of the NUM, said last week he would press for a national ballot on industrial action if talks with the board did not end satisfactorily. Durham's 8,000 miners will next week consider starting a limited overtime ban.

The most pressing issue dividing the two sides is British Coal's decision to award many miners last year's pay increase without fully backdating it to November, 1985. British Coal says it has to withhold 10 months worth of the pay rise to make up for the £80m of pension fund contributions that miners missed through the 1984-85 strike.

Sir Robert admitted that this way of making up the shortfall in the pension fund contained "imperfections and injustices." However he insisted that withholding part of the pay rise was the only solution because the NUM had rejected either higher contributions or lower benefit rights.

Mr Scargill said that the management team led by Sir Robert recognised that the decision to withhold part of the pay rise was causing mounting unrest in the coalfields.

Morgan Stanley applies to join stock exchange

BY NICK BUNGER

MORGAN STANLEY International, the UK-based arm of the New York securities firm yesterday applied for membership of the London Stock Exchange.

Mr Archibald Cox, who heads Morgan Stanley's London office, said the move was being made through a newly formed subsidiary to be called Morgan Stanley Options Limited. "You can infer from that that we will be interested in options," Mr Cox said, but he declined to give further details of the company's plans.

Mr Cox acknowledged that the application had come too late for the company to join the exchange in time for the Big Bang market re-

forms on October 27. Morgan Stanley International hopes that its membership can be granted by the end of November, however.

The company, which opened its London office in 1977, is already active in the UK in trading in securities such as American depositary receipts (ADRs).

Mr Cox said membership of the exchange would be a "logical complement" to membership of the New York and Tokyo exchanges and planned expansion in Switzerland and Germany.

"We believe that membership will help us in serving the investment needs of our clients and customers around the world," he added.

Marks and Spencer reshapes at the top

BY CHRISTOPHER PARKES

MARKS AND SPENCER, Britain's leading retailer, has rearranged its top management team and installed a US-style chief operating officer to handle the day-to-day running of the company. The newly created post has been filled by Mr Richard Greenbury, aged 58, who has been joint managing director since 1978.

Lord Rayner, who remains as chairman and chief executive, will in future concentrate mainly on forward planning. Mr William Howard, 66, will retain his post-

tion as deputy chairman until he retires at the end of March next year. However, he loses his other title of joint managing director and the operating responsibilities which go with it.

Mr Greenbury, who joined the company in 1953 as a junior management trainee, was appointed an alternate director in 1978 and became a full member of the board in 1972. The company said yesterday that the changes were part of the evolution of the business.

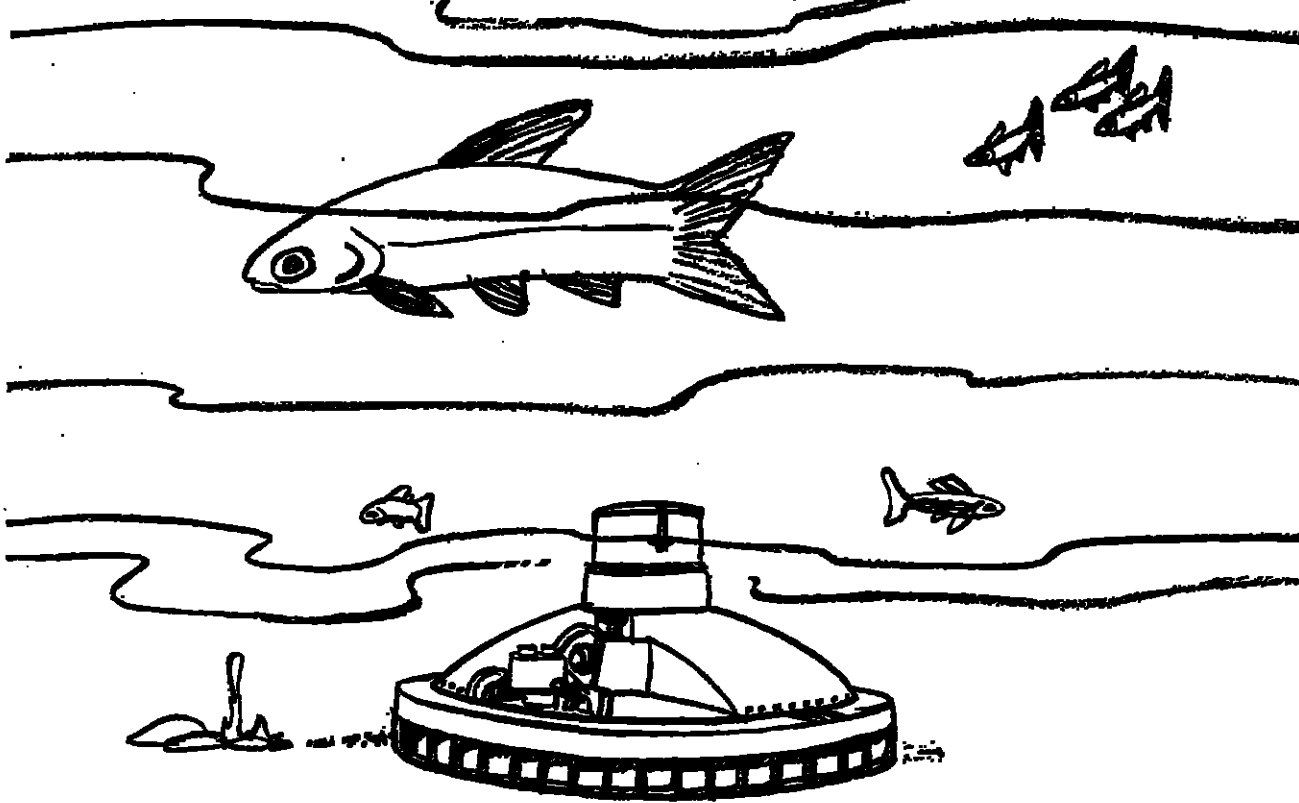
This process has accelerated in the two years since Lord Staff stepped down as chairman, under the twin influences of Lord Rayner's aggression and the increasing challenge to variety and department store chains from specialist retailers.

M&S, widely considered to have lost its way in 1984, has developed and expanded rapidly since. It extended its product range, linked with Tesco, the supermarket chain, to exploit out-of-town shopping centres and

launched its own credit card. More recently it has revamped many of its stores, dressing them to counter the attractions of the highly new breed of specialist competitors. It has also extended its range to include furniture.

Breaking with past practice it hired outside public relations consultants and booked an advertising agency for its first venture into heavy campaign advertising. Lord Rayner said last year that he considered his job was "to manage change."

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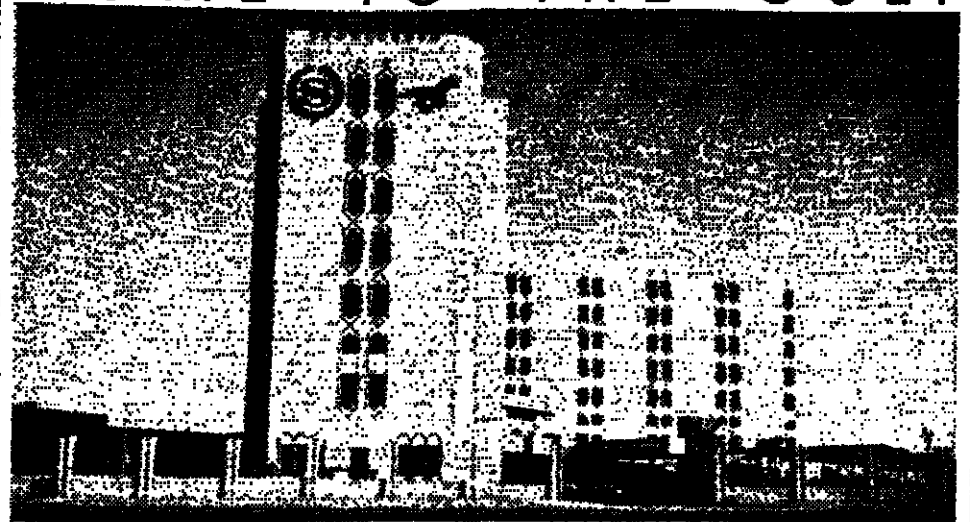


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UK NEWS

Troubled food body still seeks a new chairman

BY ANDREW GOWERS

A NEW governing council took over yesterday at Food from Britain, the troubled marketing body - but the Government and farmers' leaders are still desperately searching for a new chairman to spearhead a relaunch for the organisation.

The council contains prominent names from the food and farming industries, including Sir Derrick Holden-Brown, chairman of Allied-Lyons, Sir Steve Roberts, chairman of the Milk Marketing Board, and Mr David Naisb, deputy president of the National Farmers' Union. It faces the difficult task of relaunching an organisation suffering from poor morale, uncertainty about its role and inadequate financing.

The failure to find a new chairman is a deep embarrassment to the Government, which has staked a good deal of prestige on making Food from Britain work.

Food from Britain was founded by Mr Peter Walker, then Minister of Agriculture, three years ago to improve the marketing of British food at home and abroad. But it has been dogged by persistent in-fighting between food manufacturers and farmers, and in particular between sectoral organisations such as the Milk Marketing Board and the Meat and Livestock Commission.

Earlier this year, Food from Britain almost collapsed when industry

bodies failed to come up with adequate funding to supplement a diminishing government contribution. It was subsequently saved by a promise of funds from cereal growers and is now supposed to reshape itself under the influence of the farmers.

The farming industry was also supposed to nominate a new chairman to replace Mr Nicholas Saphir, chairman of Hunter Saphir, the fresh produce distribution company. Mr Saphir has chaired the organisation from the start but has expressed a desire to leave. However, the NFU has failed so far to find someone who would be acceptable to its membership as chairman of FFB.

Sumitomo puts profit in sight at UK's Dunlop tyre plants

BY IAN HAMILTON FAZEY

THE TAKEOVER of Dunlop's European tyre-making plants by Sumitomo Rubber Industries of Japan 21 months ago has led to productivity gains of up to 22 per cent through a combination of investment, job-shedding and better working practices.

The loss-making UK plants are now likely to break even this year and make profits in 1987. The company's West German factories are in profit already, and operations in France are showing "good progress."

This was revealed yesterday when SP Tyres UK, the company formed by Sumitomo out of the Dunlop acquisitions, launched a new range of tyres for family and fleet cars. The tyres are being made at Washington, Tyne and Wear, north-east England, where productivity levels are now the highest in Europe and second only to Japan's.

The new range, which is called the Dunlop SP6 series, is the first new product since the takeover, and the company is claiming for its substantial technological advances in concerning stability, wet grip, steering sensitivity and noise reduction.

In spite of the higher value this is said to represent, the productivity gains are enabling the new tyres to be offered at only marginally higher prices than the Dunlop products they will supersede.

The line and middle management of the company is almost entirely the same as when Sumitomo took over. Mr Mike Wilson, the Washington production manager, said yesterday: "We have been given the investment the company needed and

set free to manage things."

Originally, Sumitomo imported into Washington three Japanese advisers - one each for technical, production and engineering management. Only the production adviser remains.

Investment at the company's plants in Washington and at Fort Dunlop, Birmingham, was £16m last year, £3m this year and will be £11m next year, followed by an annual capital allocation of about £10m. Key production investment was in machinery that is helping to improve consistency and reduce waste.

Productivity is measured in terms of manufacturing time. This consists of the average number of minutes taken to make a tyre, multiplied by a factor which takes account of the type and mix of tyres involved so that figures can be compared fairly.

Mr Ian Sloss, director of manufacturing and personnel, said that waste had been reduced by the joint efforts of the workforce, as well as better machinery. The figure had fallen from 15 per cent in 1984 to 5 per cent now.

Communications had been improved as a result of monthly briefing groups, and quality circles had been introduced. Suggestions at Washington were now averaging one per employee per year although there was still a long way to go to catch up with Japan, where the figure is three per employee per week.

SP Tyres UK now employs 2,600, compared with 3,500 under Dunlop in 1984. Most of the job losses occurred before the takeover.

Nissan to replace best-selling models

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

NISSAN UK, the independent importer of Japanese cars, today replaces its best-selling Sunny and Cherry models with one new range which retains the Sunny name.

Prices are increased by an average of 7 per cent partly because of the increased value of the Japanese yen compared with the pound, partly because the new range is slightly up-market from the old models and also because the old Cherry and

Sunny ranges were excluded from Nissan UK's 3 per cent average price rises which took effect in August.

Prices start at £5,500 and go up to about £8,000 compared with £5,000 to just over £7,000 for the old models.

The new range was launched in May in Japan, where it is called the Pulsar, a name owned by Ford in

Europe and therefore not available to Nissan.

With combined registrations totalling 52,000 last year, Cherry (23,300) and Sunny (28,700) accounted for about half Nissan's car sales in the UK. The importer, whose total volume is restricted to about 105,000 cars a year by the restriction on shipments of Japanese cars to Britain, expects to sell about 40,000 new Sunnys next year.

Britons taxed more heavily than before

By Philip Stephens

THE BRITISH are more heavily taxed now than they were six years ago, despite the Government's reductions in income taxes, according to an analysis by the Paris-based Organisation for Economic Co-operation and Development.

The OECD study shows that the share of national income taken by the Government in taxation rose from 31.53 per cent in 1980 to 33.58 per cent in 1985. That places Britain among the most heavily taxed of the leading industrial nations.

Of the group of five biggest economies only France, with a 45.55 per cent share of income taken by tax, had a higher figure than Britain during the last two years while those for West Germany (37.57), the US (26.59 per cent) and Japan (27.38 per cent) were lower.

The OECD analysis covers all taxes, direct and indirect, and other compulsory contributions such as national insurance payments. It shows that, relative to most other industrial countries, the proportion of total taxation in Britain accounted for by income and profits taxes is below average.

However, property taxes - mostly local rates - in Britain represent a much larger share of government revenues than elsewhere.



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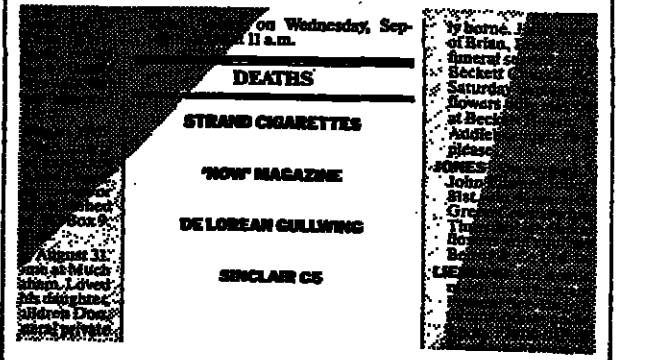
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UK NEWS

Liberals 'could never be in pact with Thatcher'

BY TOM LYNCH

THE LIBERALS could never make a pact with Mrs Margaret Thatcher in the event of a hung parliament after the next general election, Mr David Alton, the Liberal chief whip in the Commons, told the assembly. "A precondition for any co-operation between Liberals and Conservatives would be that Mrs Thatcher despatches herself to Dulwich as soon as the election is over," he said. Mrs Thatcher has bought a house in the London suburb.

Mr Alton said Mrs Thatcher could never change - "it would be easier for a lion to become a vegetarian". Mr David Steel, the party leader, was later cautious about Mr Alton's choice of words, but said he agreed with him. "I don't think I would have put it in that brash and undiplomatic way, but I don't think she would stay around," he said in a BBC TV interview.

Liberal Party assembly

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Rebuke for South African ambassador

By Ivor Owen

MR DAVID STEEL, the Liberal leader, strongly rebuked Mr Denis Worrall, the South African ambassador to Britain, for disclosing his previously unannounced plan for a four-day visit to the republic. Commenting on the fact that the ambassador had publicly suggested which places should be included in his itinerary without any prior consultation, Mr Steel said: "To put it mildly, this is undiplomatic behaviour from a diplomat."

His rebuke reflected the anger felt by delegates to the assembly that the ambassador had compounded the offence committed at the SDP's conference in Harrogate, Yorkshire, last week when he issued a circular letter, outlining the Pretoria Government's rejection of the views expressed by those calling for an early end to apartheid.

Mr Steel, who hopes to visit the so-called Front-line states in a 10-day mission to southern Africa, has accepted an invitation from the principal of Cape Town University to deliver a lecture there on October 9. He will also meet Archbishop Desmond Tutu and intends to seize the opportunity to gather the views of all strands of South African opinion during the course of a four-day stay.

He intends to visit Botswana, Zimbabwe and Zambia in the course of his return journey.

Government housing record condemned

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

THE Government's record on housing was roundly condemned by the assembly, which called for a campaign to press for improved housing conditions and for increases in the number of homes to rent and buy.

Delegates were told that the International Year of Shelter for the Homeless provided an unparalleled opportunity for a rethink of attitudes and policies in the field of housing.

Mr Mark Hayes, the prospective parliamentary candidate for Sutton Walden, in south-east England said that under the Conservatives the plight of the homeless had

grown much worse. The number of homeless had doubled each year since 1974. Only half those applying in England during 1985 to be treated as homeless had been accepted. Mr Hayes claimed that an ever-increasing number of young people were now living on the streets and the crisis was deepening in the face of the "pathetic remnants" of a public house-building programme.

The Government, he said, had responded by changes in the benefit regulations which forced people to move from town to town. He said that substantial extra investment in new housing to rent was urgently required.

Fund-raising approved

BY TOM LYNCH

CONSTITUENCY Liberal parties will face large increases in their contributions to central funds, the assembly decided by 283 votes to 255.

Mr Andrew Willis, the party's secretary general, said the party required a 1987 income of £700,000 of which it had to raise £465,000 from constituencies. This represents roughly a 50 per cent rise on the expected constituency income for 1986 and is double the 1985 figure.

Proposing the motion, Mr Chris Fox, chairman of the party's finance and administration board,

told delegates: "We have put together the campaigning party you have asked for in resolution after resolution at party conferences." He said the party would have to raise considerably more from constituencies to keep up its level of campaigning.

Mr Ian Stewart, of Worthing, said the proposal amounted to "a tax on non-existent members." He protested that party headquarters had become greedy. He and other speakers from the floor argued that the money should be retained in the constituencies, where the campaigning was done.

Companies accused of giving schools excess propaganda

BY DAVID CHURCHILL

THE NATIONAL Consumer Council yesterday called for safeguards against excessive commercial propaganda in Britain's schools. It believes that too many companies are taking advantage of schools' lack of educational materials to provide them with teaching aids which are inaccurate or biased.

The council, in a report published yesterday, gives examples of excess propaganda by companies. Kellogg's, for example, quoted its brand name some 96 times in one educational booklet. This included using the Kellogg's name some 18 times on one page alone.

Lever Brothers was also criticised for a guide for children entitled: "How to tell the difference between a good quality dishwashing liquid (like Sunlight Lemon Liquid) and a cheaper dishwashing liquid." Sunlight is a product produced by Lever Brothers.

A leaflet from the Butter Information Council is also criticised for its attack on margarine.

Mr Michael Montague, chairman of the council, said yesterday: "We are not calling for an all-out ban on commercially sponsored teaching materials." But, he added, he was worried by "so-called education material which is really just advertising, designed to produce brand loyalty among children in the classroom."

Mr Montague said that "commerce and industry are entitled to put their point of view and to try to sell their products - but not in the classroom."

The council is suggesting a number of safeguards, such as a code of

Mr Kenneth Baker, Education Secretary, yesterday gave a guarantee that no UK university would have to close through lack of cash - but declared that private money must play a bigger part in funding higher education. Mr Baker said students and employers should have more say in how public funds were shared among universities, and he floated the idea of a higher education "voucher" system.

Under the scheme, students would receive a per capita sum from the Government which would go to the institution of their choice - rather than all central funding being divided up by the University Grants Committee, as at present. The more popular universities or departments would therefore receive more money while the less favoured would be forced to change, claim supporters of the plan.

The council also suggests a national list of what educational material is available and how much propaganda each teaching aid contains.

The report also suggests that the Office of Fair Trading could be given extra funds and responsibilities to prepare and fund consumer educational material.

Classroom Commercial; NCC, 18 Queen Anne's Gate, London SW1; £2.50.

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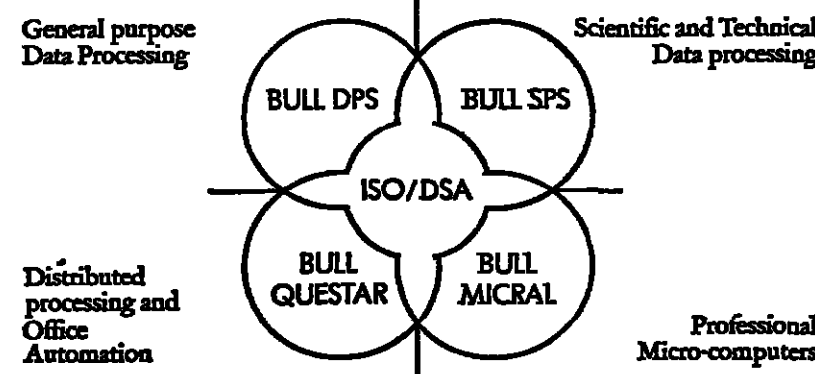
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The redemption of the Debentures is effected pursuant to the twelfth paragraph of the form of Debenture contained in the Indenture.

Payment of the Redemption Price plus accrued interest will be made, at the option of the holder, by a United States dollar check drawn on a bank in New York City or by transfer to a United States dollar account maintained by the payee with a bank in New York City upon presentation and surrender on or after the Redemption Date of the Debentures to be redeemed together with Coupons Nos. 4 to 15 inclusive attached thereto, at the office of any one of the following paying agents:

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Interest on the Debentures will cease to accrue on and after the Redemption Date. The holder of any Debenture has the right to convert his Debenture into common shares of Northern Telecom Limited at the conversion price of U.S. \$29.6666 per share at any time up to the close of business on October 10, 1986 at the conversion price of U.S. \$29.6666 per share of the Debenture together with Coupons Nos. 4 to 15 attached to any one of the paying agents listed above, accompanied by written notice, substantially in the form of the Conversion Notice appearing on the reverse of the form of Debenture, executed by the holder; that such holder elects to convert such Debenture; if the common shares issuable upon conversion of said Debenture are to be registered in the name of a person other than the holder of the Debenture, such holder shall pay all transfer taxes payable with respect thereto. No payment or adjustment will be made on account of interest accrued on any Debenture delivered for conversion or on account of any dividends on the common shares issued or delivered upon such conversion. No fractional common shares will be issued upon conversion of any Debenture and if the conversion results in a fraction, an amount equal to such fraction multiplied by U.S. \$29.6666 shall be paid in cash to the holder of such Debenture.

Alternatives Available to Holders of Debentures

1. Conversion of the Debentures into Common Shares by October 10, 1986: Each \$1,000 principal amount of Debentures is convertible at any time prior to the close of business on October 10, 1986 at the conversion price of U.S. \$29.6666 into 38 common shares of Northern Telecom Limited. The last reported sale price of the common shares of Northern Telecom Limited on September 17, 1986, was U.S. \$29.25 per share. Based on such last reported sale price, the market value of common shares (including cash paid in lieu of fractional shares) which holders would obtain upon conversion of \$1,000 principal amount of Debentures would be U.S. \$953.25.

Only if the price of the common shares is equal to or greater than U.S. \$31.375 will the holders of Debentures, upon conversion, receive common shares (including cash paid in lieu of fractional shares) having a market value greater than the amount of cash which they would otherwise be entitled to receive upon redemption.

2. Redemption of the Debentures on October 14, 1986: Debentures not converted by October 10, 1986 will be redeemed at a price of U.S. \$1,053.36 per \$1,000 principal amount of Debentures, being the Redemption Price plus accrued interest to the Redemption Date.

3. Sale of Debentures through ordinary brokerage transactions: Debentures may be sold through a broker to others. Holders of Debentures should consult their own brokers as to this procedure.

Northern Telecom International Finance B.V.

September 24, 1986

## APPOINTMENTS

## Ernst &amp; Whinney senior partner

Mr Elwyn Ellidge, deputy senior partner of ERNST & WHINNEY, has succeeded Mr Peter Godfrey as the firm's senior partner. Mr Ellidge joined Ernst & Whinney in 1970, becoming a partner in 1972. He became managing partner in London in 1983 and deputy senior partner a year ago.

HILL SAMUEL INVESTMENT SERVICES GROUP has brought together its companies in Jersey and Switzerland to form Hill Samuel Investment Services Group (Europe). Mr Tony Pope, chairman of Hill Samuel & Co (Jersey), and Mr Fritz Jesi, chief executive of Bank Von Ernst & Cie AG, have been appointed joint managing directors of Hill Samuel Investment Services Group Europe. Mr Pope and Mr Jesi will be responsible for the group's offshore operations

worldwide except in the Middle and Far East. Mr Martin Cooper has been appointed chief accountant. Hill Samuel Investment Services Group, Mr Cooper retains responsibility for unit trust administration and is being elected to the board of Hill Samuel Unit Trust Managers. Mr Roy Rutherford has been appointed managing director of Wood Mackenzie private client service.

Mr Peter Morris is appointed actuary and joins the board of Hill Samuel Life Assurance and Gisborne Life Assurance Co. Hill Samuel Professional Adviser Services is assuming responsibility for the Middle East offshore operations where Mr George Stephens becomes director of international marketing.

Ms Josephine King, formerly executive director at ARGUS CONSUMER PUBLICATIONS,

has become managing director. At METIER MANAGEMENT SYSTEMS Mr Paul Rolph has become group chief operating officer. After the company's acquisition by the Lockheed Corporation in 1985, Mr Rolph was appointed president and chief executive officer of Metier USA.

At ALEXANDER STENHOUSE Mr A. D. (Tony) Ashby has been made chairman and chief executive of its aviation and aerospace division.

CAPS (COMBINED ACTUARIAL PERFORMANCE SERVICES) has appointed Mr John Clamp its chief executive. He became a director of CAPS in 1985 and has been a member of the three-man executive for the past year.

Dr P. A. Knowlson has been appointed managing director of BOEHRINGER INGELHEIM. Dr

Knowlson was medical director for 11 years, before becoming deputy managing director. He succeeds Dr Gordon Hargreaves, who will remain as chairman. Dr D. M. Humphreys has been appointed scientific director, with responsibility for the medical, registration and pharmaceutical affairs departments in the UK.

Following a financial restructure, JOHN KING & CO (LEEDS) has made changes to its main board. The board is led by the managing director Mr Sam Rodgers, with Mr Peter Balmbridge as financial director, and Mr Derek Smart as works director.

ACTION 2000, a wholly-owned subsidiary of D. C. Cook Holdings, has appointed Mr Peter Southern, as a director. Mr Southern, who joined the com-

pany as development surveyor in 1985, has responsibility for the investment portfolio and for the acquisition and development of commercial premises — particularly for the motor trade — throughout the UK.

Mr Neil McClure has been appointed group finance director of FKB GROUP from October 1. Mr McClure joins FKB from Saatchi & Saatchi Co, where he was responsible for UK and international regional corporate finance.

STURGE HOLDINGS has appointed Mr Malcolm Butler to the newly created position of group director of management information systems. Since 1981 he has been group information systems manager with Lex Service.

At THE NATIONAL HOME LOANS CORPORATION Mr Ken Lewis, head of business development, has been appointed to the board as operations director. Mr Tony Motr, head of finance and

treasury, and Mr Terry Corah, head of underwriting and mortgage administration, have been appointed divisional directors.

THAMES CASE has made two appointments: Mr David Thomas is appointed chairman and managing director. Mr Thomas has successively held the positions of general manager of Thames Case operations at Purfleet; sales and marketing director and latterly managing director. Mr Jack McDonald is appointed commercial director. Previously, Mr McDonald held the positions of regional accountant at Thames Case, Cumbernauld, Scotland and then commercial manager at head office, Purfleet.

COUNTY NATWEST CAPITAL MARKETS has appointed Mr Colin R. E. Paul as director responsible for documentation and marketing services and Mr Robert Lyddon as manager for Northern Europe. Mr Paul was with Swiss Bank Corporation and Mr Lyddon with Manufacturers Hanover.

## UK NEWS

## Pressure still on pump makers in tougher markets

BY NICK GARNETT

THE UK's pump manufacturers are having a rough time of it this year, and the outlook for 1987 looks just as tough. "It's a fight for survival," says Mr Tim Gifford, chief executive of the British Pump Manufacturers Federation.

It is a fight which people in the industry expect most companies to win. Although the British pump industry is now less than half the size of West Germany's, the world's second-biggest producer after the US, the UK is still fourth in the world league table with sales last year of £450m.

Trading conditions are not as severe as the dark days of recession in the early 1980s, but the purchase this month of Henry Sykes by SPP reflects some of the stresses in the industry.

The acquisition, still to be confirmed by shareholders has a positive side. It fits in neatly with Reading-based SPP's philosophy of niche manufacturing. The company will get its hands on Sykes specialist widening pumps as well as Sykes' lucrative pump hiring business which accounts for 40 per cent of the UK hiring market.

However, the purchase is also aimed at rationalisation. SPP is shutting its Reading factory, west of London, and will concentrate much of its production at Sykes' Coleford plant in Gloucestershire, cutting 200 jobs from the combined workforce of 1,350.

One reason for that rationalisation is that the Coleford site is now operating at only 45 per cent of capacity on one shift, and SPP Pumps, SPP's main operating arm in the UK, is predicting that its workload next year will be only 70 per cent of what it was in 1985.

British pump makers suffered more than their European competitors during the recession with employment falling from 23,000 in 1977 to 17,000 now. The industry halted the decline in 1984 and had a relatively good year in 1985, but this year some of the markets have taken bad knocks.

Pumps have a vast range of applications for moving liquids, from sewage and water to oil. They are used in boiler feeds in power generation plant and in filling casks and other foodstuffs. Many of the pump makers are specialists.

The industry this year has been hit by falling demand in a number of sectors. The steep downturn in North Sea oil activity and the drying up of big capital projects, especially in the Middle East, has hit most European pump makers, but in the UK there have been few large domestic infrastructure projects to fall back on.

UK companies have become more export orientated. Mather and Platt, part of the Australian Wormald group, exports 70 per cent of output, for example, and Weir Pumps in the Glasgow-based Weir group 50 per cent. But margins on exports are being squeezed tightly.

The West German industry, which includes Klein, Schanzlin and Becker (KSB), by far Europe's biggest pump maker, with a broad line of products, and the French, whose pump makers are challeng-

ing the UK for fourth place in the world league table, are chasing the same markets.

The Japanese, the third-biggest producers who have traditionally been big exporters of the small standard submersible pump, are becoming increasingly aggressive with larger pumps, especially in power stations. The Koreans are also making a big play for offshore platform work around India — a big potential export market for the UK.

The Yorkshire-based Sulzer Brothers, which makes the bigger ranges of pumps from a factory built only five years ago, says the domestic market next year will be very difficult and overseas no better.

Some UK suppliers might have to keep an extra careful watch on their operations, but few, except some of the very smallest, are likely to fail. Mr John Nutt, SPP's chairman, says that even niche manufacturers now sell into a broad range of applications and industries.

Companies such as SPP are also emphasising their expertise in putting together higher value added "fluid systems" packages including engines and control systems. Most of SPP's smaller basic line pumps are now manufactured under licence in India and imported into Europe.

The other reason for believing that the industry's structure will not alter significantly in the near future is that even during the 1980s recession, when pump manufacturers' customers were going out of business in droves as manufacturing plants shut down, almost no middle or large pump makers disappeared. Weir buckled but survived.

There were also few changes of ownership. The most important of these was the purchase by Dresser of the US of Worthington, the North American pump manufacturer, which as Worthington Simpson in the UK had been half-owned by Weir.

SPP was the subject of a management buy-out in 1983 from parent Booker McConnell, and Godiva, SPP's five pump arm, purchased Trinity Hathaway. The pump industry has been rife with rumours that Wormald would like to sell Mather and Platt. Mr Neil Fotts, Mather's managing director, says the rumours are unfounded.

Little major restructuring has taken place in Europe either, the most significant development in the past few years being the acquisition of Pompes Guinard, the big French manufacturer, by KSB.

The British pump industry, which includes 37 subsidiaries of US companies and 14 of West German, according to consultants Frost and Sullivan, is an example of the way some parts of UK mechanical engineering are still playing a significant role in world markets, despite fragile domestic demand.

But pump manufacturing also shows the remarkable size and resilience of the West German industry which benefits from 60 per cent higher domestic demand than in the UK and whose manufacturers dominate its local markets.

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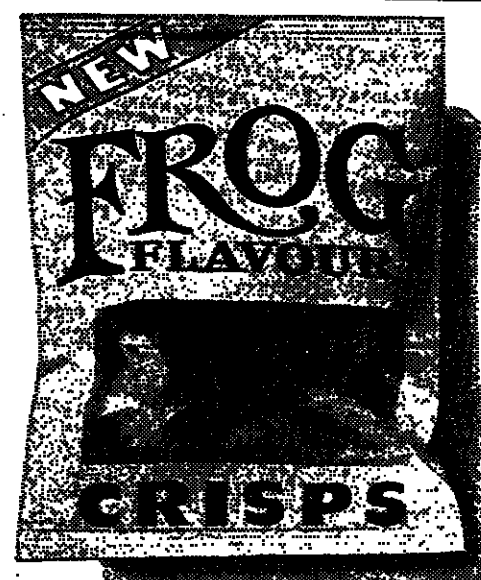
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UK NEWS

Guinness chief accused of contempt by MP

BY TOM LYNCH AND LIONEL BARBER

MR ERNEST SAUNDERS, chairman and chief executive of Guinness, the UK brewing and leisure group, has been accused of contempt of Parliament over his lobbying of an MP during Guinness's £2.5bn takeover of Distillers, the international drinks business.

Mr Saunders was also so strenuously involved in lobbying other Scottish MPs in similar vein and presumably to similar effect. It is, of course, impossible to say whether a steersman and co-ordinated parliamentary campaign in support of the Argyle group would have materially affected the outcome, but clearly Mr Saunders was sufficiently concerned about this to try and head it off.

Kinnock challenged over 'swing to right' of party's policies

BY JOHN HUNT

A STRONG attack on Mr Neil Kinnock, the Labour Party leader, for moving to the right on party policy is made by Mr Eric Heffer, the former party chairman, in a book to be published tomorrow.

His criticism comes as the Labour Party prepares for its annual conference in Blackpool next week. Mr Heffer, a left-winger who is MP for Walton (Liverpool) and a member of the party's national executive, stalled off the platform at last year's conference when Mr Kinnock made his speech attacking the Liverpool situation.

ly conference with Mr Kinnock's "grossly unfair and cruel speech" an atmosphere of witch-hunting has developed in the party. "The truth of the matter is that the right of the party had got the bit between its teeth and whether it is liked or not the left will be witch-hunted in over-widening circles. Neil Kinnock's speech gave a green light to all those on the right wing who wished to carry out a left-wing purge."

Mr Heffer complains of the move away from the concept of socialisation and says that Mr Kinnock's "disastrous shift" on public ownership is undermining party pledges. "What we are witnessing today is the transformation of the party into another SDP (Social Democratic Party), a party which, although retaining a written socialist constitution, finds it is increasingly being ignored," he says.

Many friends and allies of the SDP had stayed behind in the Labour Party and were now in powerful positions in the shadow Cabinet. They were constantly making it clear that they did not approve of many Labour policies. "They are dangerous because they make real the possibility that the Labour Party could move towards SDP Mark II type of policies," he says.

BA helicopter unit sold to Maxwell

By Michael Dome

BRITISH AIRWAYS has sold its helicopter subsidiary, British Airways Helicopters, for £12.5m cash, to a company jointly owned by Mr Robert Maxwell and his family and the Scottish Daily Record and Sunday Mail, a subsidiary of Mr Maxwell's Mirror Group Newspapers.

Bakers meet half-baked ideas on bread values

BY FIONA THOMPSON

BAKERS are being thwarted in their bid to supply Britons with their daily bread by false ideas about its food value. Too many people think that bread - especially the white sort - is fattening and has no goodness in it, according to the findings of a nationwide survey based on Gallup research and endorsed by the Health Education Council.

As a nation, however, Britain is bottom of the European bread consumption table. The average UK consumption is 98 loaves per person per year, compared with 178 loaves in Italy which has the highest European consumption. The bureau says that a quarter of those who believed that bread was not beneficial would eat more of it if they thought it was nutritious. Flour Power - The Bread and Flour Report 1986, published by the Flour Advisory Bureau. Copies of an information leaflet on the main findings available from Paragon Communications, 142 Wardour Street, London W1V 3AU.

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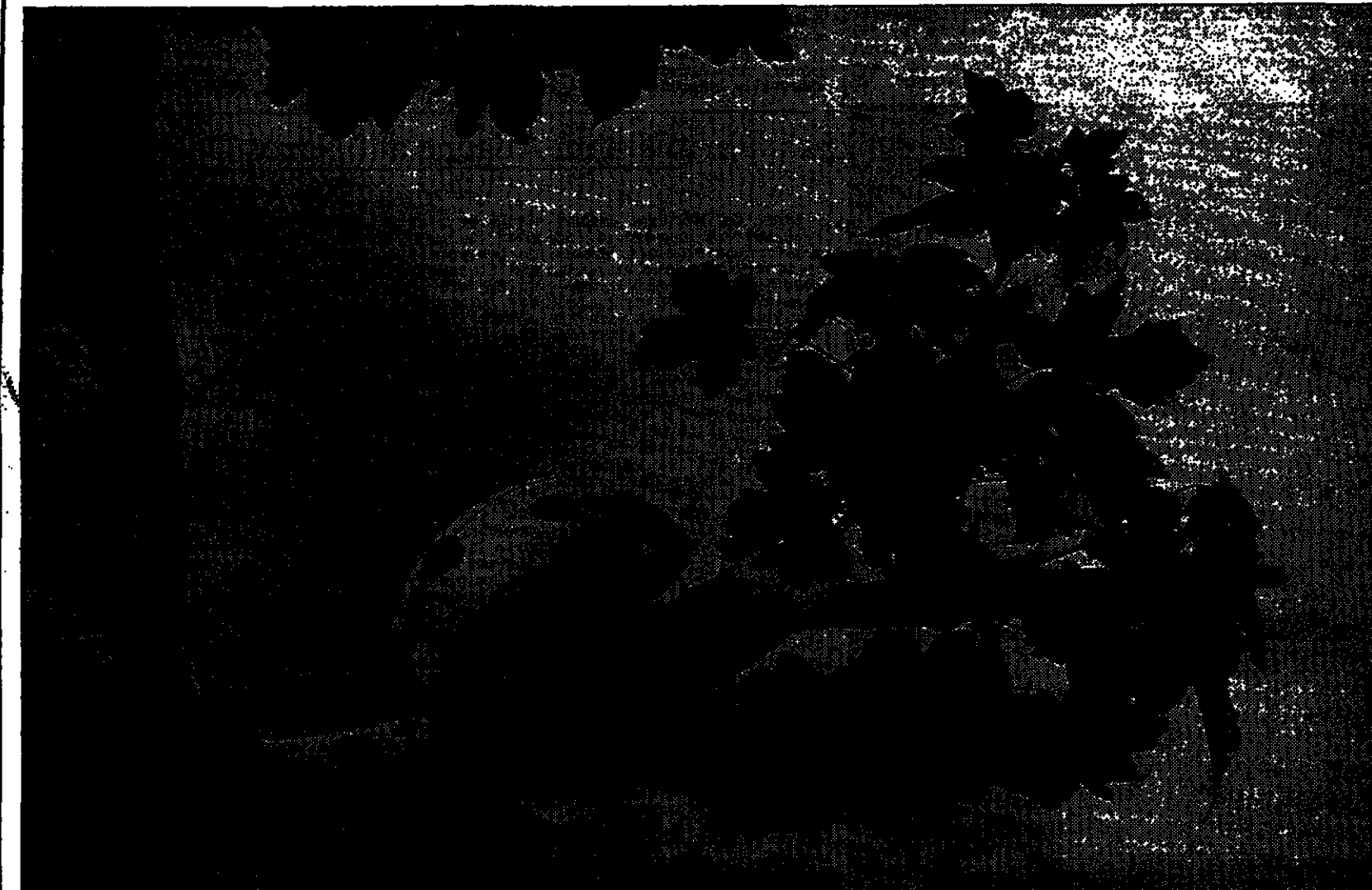
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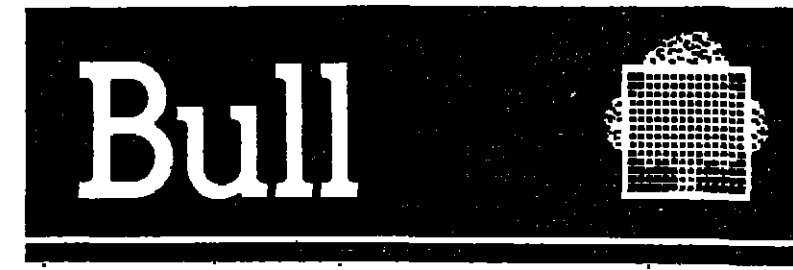
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THE ARTS

Television/Christopher Dunkley

English as she is spoke on screen

Kafka/Royal Court

Michael Coveney

Barry Humphries used to perform a cocktail party sketch in which every other word was "Kafkaesque". His target was pretentious critical shorthand allied to the incongruity of Kafka's distended nihilism as a subject for spicing on sausage sticks.

The play opens, a few years before Kafka's death, with the tubercular writer delivering his famous incendiary injunction to Brod. Brod's reasons for not burning all the stories, novels and diaries were given in a postscript to *The Trial*, and Bennett interprets Brod's decision as more than a literary rescue act.

The prologue toys with these vanities: Brod predicting the Nazis' bonfire of Brecht, Mann, Gide, Proust, Joyce — not Kafka, perhaps because he was not worth burning? No, because he was already burnt by Brod. The writer shivers and curls up, complaining to Brod that he dreams the future. The future is an insurance clerk adding another tome to an industry that already includes an American thesis on Kafka's small penis as the root of his sexual insecurity and father-hatred.

Bennett's eponymous member also raises various points about the process of critical biography and literary criticism. The insurance man's wife Linda knows that Kafka shared his shortening with Scott Fitzgerald, that W. E. Auden never

wore underpants, that E. M. Forster's "Mr Right" was an Egyptian tramdriver. "The bits in between" are incomprehensible, but she gropes towards them in a series of touching encounters with Kafka on the sofa.

Meanwhile the pedantic Sydney, ticking off coincidences and anecdotes, is trapped by the lure of fame and the possibility of re-writing the father/son relationship. Act One closes with Kafka's shopkeeper father, in the course and threatening shape of Jim Broadbent ("I kept Prague in suspension"), writing to tamper with his reputation, and Kafka is placed in the dock, on trial because somebody must have been telling lies about his intimate measurements.

Bennett has already written about Kafka in his BBC TV play *The Insurance Man* (directed, as is *Kafka's Diary* by Richard Eyre), presenting a sleek reptilian accident claims clerk told by a young dyer whose skin has been eaten away that if he understood the pulchrum and didn't help, he was wicked. Kafka grimaced. Now we have the tortured evasive artist of the writing; in other words, the Kafka we expect to see. Roger Lloyd Pack gives a portrait at once funny and ridiculous, shoulders hunched as if he might take flight with a flap of his wide lapels, a long sclerotic wrist half-shielding his eyes and temple from the glare of adulation and misinterpretation, warned half to life by the mundane attentions of Linda.

Unlike *Tom and Viv* on this stage (a good example of contentions, belittling biography), Bennett has nothing to "prove" about Kafka. His case is a paradigm for how we confront reputation in the arts, how the artist confronts his own fame. And Richard Eyre's production, ingeniously designed by William Dudley, maintains a careful balance between the hard-headed and the surreal. The

grey Prague-ness of Kafka seeps into the lounge where he is first manifest in the shape of a tortoise (symbolically, Brod, caught short at the front door, has urinated on the tiny reptile).

This box set is magically transformed into the celestial equivalent of Barry Humphries's cocktail party, with Brod as the Recording Angel and Kierkegaard talking to Noël Coward ("They've got a lot of ground to cover"). This finale is not quite right—Bennett has done other and better jokes about the Woolfs and Bertrand Russell—but at least it leaves Kafka confirmed in his view that heaven is going to be hell.

I admire the limpidity and grace of the writing, although there is a lower strike rate of laugh lines than you might expect in a Bennett play. Most of these come from Andrew Sachs's dapper little Brod, a Jewish agent in the first place desperately trying to keep his client happy by removing his books from Sydney's shelves. It is hard to see why Alison Steadman's gloriously performative ex-nupte should have married the much older plodding insurance man of Geoffrey Palmer, but Mr Palmer compensates for low premium casting with a high-yield interest bonus.

Finally, as in so much of his work, Bennett is writing about domestic relationships across unbridgeable chasms, and the impulse to record them (a theme in the seriously underestimated *Enjoy* a few years back). Sydney's old father (Charles Lamb) is expecting not the Kafkas but the health authorities. He is off to a home unless he can make sense in a general knowledge quiz, as he says at the end, "You can't put me away when I'm in touch with the latest developments in technology."

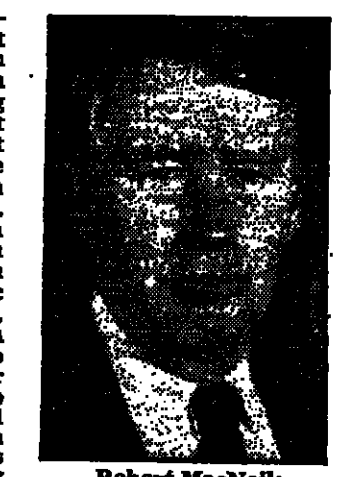
Episode 1 was a wonderfully engrossing and entertaining documentary which seemed to tell the whole story on its own.

If you were looking for a contender for the title "least promising idea for a television series" *The Story of English* might win. Yet the opening episode of BBC's nine-part series on Monday suggests that this may well be one of the biggest lifts of the season, in terms of prestige if not ratings. The sheer speed with which English is becoming the lingua franca of the world—whether in science, rock music or air traffic control—is in itself fascinating.

The trouble is that the idea still sounds more suited to radio than television. The danger would seem to be of ending up with one of those "script and wallpaper" series in which everything of significance is contained in the commentary and the pictures consist of "wallpaper": library stock of aircraft taking off, crowds crossing bridges, dancers in national costume.

But Episode 1 banished all such fears. First they have an excellent presenter: Robert MacNeil, who was a Panorama reporter in the sixties and now co-anchors the McNeil-Lehrer Newsweek, the best current affairs series in the USA. And second, even though the subject would be well suited to radio, producer William Cran has found visual material which greatly enriches his programme. India's freelance scribes sitting at their old typewriters, an African leader in national dress declaring his country's African-ness—in English—a sample of the 250m Chinese who follow Kate Flower's English lessons on television.

King and Castle, ITV's intended replacement for *Wings*, has a long way to go if it is ever to match the appeal of the Arthur Daley/Terry McCann series. You can see the effort being put in: the build-up of the



Robert MacNeil: model presenter

intellectual-looking character who turns out to be a martial arts expert (the 1984 movie "Bad Day at Black Rock" did it even better); the contrast between his obnoxious naive hippy named Castle and the obnoxious bent ex-convict named King; the sub-plot involving Castle's legal battle for custody of his child, and so on.

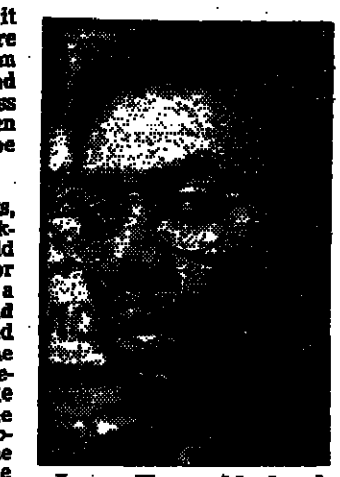
It seems that King and Castle is anxious to capture a similar sense of real-life complexity, but it cannot be done by chucking in a random line of one-ounce of pathos, and moral fervour to taste—as though you were making a fruit cake.

from being a smash hit when it began; Thames had to persevere with it, but they did start from a very sound base. King and Castle starts from a much less impressive foundation, so even more perseverance will be needed.

On television these days, people get away with breathtaking lies, provided they are told in the cause of feminism or anti-racism. Zipping through a tape of BBC 1's *Black and White Media Show* I happened to stop at a point where the claim was being made that television provides no black role models. This was just one among a whole cluster of unsupported assertions (for instance that Africa only gets onto the news when there is a coup, a war or a famine) and that this is a hangover from colonialism, as though news programmes treated Greece or Chile any differently.

But it stopped me in my tracks and made me wonder whether the speaker had honestly never seen any of the regular television appearances of comedians Lenny Henry and John Peel. This was just one among a whole cluster of unsupported assertions (for instance that Africa only gets onto the news when there is a coup, a war or a famine) and that this is a hangover from colonialism, as though news programmes treated Greece or Chile any differently.

Does the speaker never see the profiles of black people in arts programmes such as *Ombas* and the *South Bank Show*? Last week *Ombas* was devoted to black opera singer Jessye Norman. This was a black people count as black role models? Would it not be both more encouraging and more honest to say that—in a country where 96 per cent of the popu-



Lenny Henry: black role model

lation is white—black people seem to be doing splendidly well on television?

Much comment has followed the departure of Brian Walden from *Weekend World* and his replacement by another former MP, Matthew Parris. Would the programme have to change? Would Parris prove tough enough to take on the mantle? Would the political interviews at Sunday lunchtime still command as much attention in Monday's newspapers? Would Parris sustain the habit of accentuating irrelevant conjunctions and illogical syllogisms? Above all, would Parris have the stamina to sustain the habit of reporting WW interviews has far more to do with the transcripts so thoughtfully provided by London Weekend Television and the paucity

of other material reaching Fleet Street newsmen on a Sunday than with the inherent value of WW's material, and there is no reason to suppose that will change.

Furthermore the style and pattern of the programme as a whole seem set forever in concrete. Within the industry WW is famous for its approach: you start by deciding what you want to see on out and interview people until they say what you want—shooting the same interviews over and over again if necessary—and then put together your Janet and John introduction in which all subjects are approached from first principles. Monetarism? Start with cowrie shells. Motor industry? Start with the wheel. The Alliance? Start with John Stuart Mill. The result may be attractive to bright, studious prep school boys or dim, idle polytechnic students. For adults with their own ideas it is usually deeply irritating.



Roger Lloyd Pack as Franz Kafka

Falstaff, Ariadne auf Naxos/Opera Northern Ireland

Opera in Northern Ireland used, not very long ago, to lead a precarious existence. Venues were various, seasons exigent, conditions on occasion trying. A colleague who is a regular Belfast visitor recalls one early-70s performance of *Faust* given in a cinema and four times interrupted by bomb scares. But local enthusiasm persisted, through the darkest difficulties, and in 1980 it was given a boost by the re-opening of the Belfast Grand Opera House, one of the most beautiful and fascinating of theatre designs by Frank Matcham, which the Arts Council of Northern Ireland bought and restored.

Then last year the situation was put on a more secure and permanent footing: the stalwart Northern Ireland Opera Trust and the amateur Studio Opera Group were amalgamated. Opera Northern Ireland is the offspring of a new administration planned with the purpose of achieving as much with opera and local resources (including singers) as funds will allow. Small-scale tours of the province stand high on the roster of duties; Belfast performances are given in partnership with the Ulster Orchestra.

For its artistic and musical director the company has had the good sense to secure Kenneth Montgomery, Belfast-born and seasoned at Glyndebourne, he has become one of the most capable and reliable of British opera conductors. The eight-day Belfast season currently in progress is his first. No doubt it

"What's special about these Danish companies?" ABN Bank Copenhagen Branch, Assurandø-Societetet, Barclays Finans A/S, Berlingske Tidende, Ekublen, Bolken, Buch+Deichmann, Danish Steel Works Ltd., Danish Telecom International A/S, Danish Turkey Dairies Ltd., Dannebrog Shipyard Ltd., AS De Danske Sukkerfabriker, Dorn A/S, Duracell-Daimon ApS, East Asiatic Co. Ltd. (A/S Det Østasiatiske Kompagni), AS Elizabeth Arden, Ess-Food, F. L. Smith & Co. A/S, Forlaget Management A/S, Friso Sol A/S, Ginge Brandt & Elektronik A/S, Grønting Danmark A/S, Grundfos International A/S, Haldor Topsøe A/S, Hellerup Bank A/S, Henriques Bank A/S, Hvidovre, Kreditforeningen Danmark A/S, Kommuneskatten, Midtbank, AS Nitro Akromizer, Norsk Hydro Danmark a.s, Nyredit, Price Waterhouse, Privatbanken A/S, Revisionsfirmaet C. Jeppesen, Standnærisk Tobakskompani, Statsstatistik for Livsforing, The Jutland Technological Institute, Aldeselskabet Verde Bank.

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Pick of the Fringe/Donmar

The autumn nip sends the swallows south and brings the cream of the Edinburgh Festival fringe in the same direction. Yet again Perrier perform their more or less philanthropic act of sponsorship for a third week in a row at the Donmar Warehouse in Covent Garden. High-light of the best fortnight will be Eileen Nicholas's acclaimed solo in *Frank Zappa's Request Progression*. The feminist great continues with notable funny women being respectively rude and raucous in late-night programmes on selected dates: Max Meanwhile the season kicks off with the Perrier Award Winner itself: another solo, but male, Irish and—with due respect to those believers scandalised by his portrayal of God as a harassed executive making computer errors—non-offensive. *Intimate Memoirs of an Irish Taxidermist* is written and directed by the Canadian Maria Kaban whose radio work has been praised in these pages by my colleague B. A. Young. Off-beat, zany, amiably inconsequential, it casts oblique but sharp glances at Irish values and preoccupations—right to say fixations. It takes the form of an autobiography of Ben Keaton (the actor's own name), a "reluctant" taxidermist who started with a stick insect, was left with an urge to offer sugar to girls after horse-loving Father Nolan's fumbled explanation of sex, felt a three strip to their pants and spray beer on the front row, the effect is of a solemnly-dramatised slice of Open University sociology—except that the bitter despatch with the largely unimpaired conscience seems unaware that the media pulp diet he so despises extends further than Cilla Black and *The Price is Right*.

Arts Guide

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Theatre

TOKYO Romeo and Juliet (in Japanese), directed by the Japanese National Theatre, 10/10/86. A production of the Japanese National Theatre, 10/10/86.

September 19-25

London La Cage aux Folles (Follies): George Hearn a welcome star alongside Denis Quilley in the transverse show for all the family. Weak second act, less than vintage Jerry Herman score. The show has not travelled well from Broadway. (437 7373 (CC) 734 8861).

Talk To Me/New End

Hampstead's New End Theatre, extensively refurbished and with a season of concerts already under its belt, makes a promising bid for a corner of the London fringe with William Humble's play about psychoanalysis, *Talk To Me*. The former mortuary has had its tips and downs since its original launch as a theatre in 1974; successive management have failed to make it pay, despite some notable artistic successes. Now in the ownership of international tax consultant Roy Saunders and his wife Sonia, it boasts an intimate acoustic and easy viewing from steeply raked seating. This strong first production from the new company Southern Lights is compensation for such minor disappointments. Wisely the two founders, one of whom—Wyn Jones—directs, have decided to think big, with Alan Dobie topping the bill, and a play that has already proved its mettle on television. *Talk To Me* takes a fairly ambiguous look at the effect of psychoanalysis on a young couple: Matthew who, smitten with depression, becomes a convert to the analyst's couch and



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# FINANCIAL TIMES

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Wednesday September 24 1986

## Bad day for the Alliance

THE Liberal Party's vote in favour of a non-nuclear defence policy was being poignantly described in Eastbourne last night as an embarrassment for Sir David Steel, the Party leader. With the best will in the world it looks rather more than that. It was a serious blow to Mr Steel's authority and cannot fall to have a damaging effect on the Liberal-GDP Alliance as a whole.

The Liberal leader had identified himself closely in the past few weeks with the defence policies advocated by Dr Owen and the SDP. These included the possibility of a successor to the Polaris nuclear force if there is insufficient progress on arms control. They also put the way for further talks with the French on nuclear co-operation. They were endorsed by the SDP Conference in Harrogate a week ago and it looked as if the Alliance was finding a middle course between a Labour Party which wants to get rid of nuclear weapons altogether and a Tory Party which is committed to replacing Polaris with the expensive and more powerful Trident system.

Mr Steel's defeat puts all that in jeopardy. It is true that it was by a margin of only 20 votes out of an assembly of about 1,900, but it is also notable that some of the most powerful speeches against the retention of nuclear weapons came from Mr Steel's fellow MPs—Mr Simon Hughes, for example. The vote cannot be simply dismissed as the Young Liberals and members of the Campaign for Nuclear Disarmament taking over the assembly from the floor. The division split the party through and through.

**Arm's length**

It is also true that in his capacity as party leader it is Mr Steel who decides what goes into the election manifesto. Yet it would risk a rift of enormous proportions if the manifesto came from Mr Steel's fellow MPs—Mr Simon Hughes, for example. The vote cannot be simply dismissed as the Young Liberals and members of the Campaign for Nuclear Disarmament taking over the assembly from the floor. The division split the party through and through.

Dr Owen pointed but not entirely surprised by what has happened. He has been criticised in the past for keeping his party's relationship

## UK PAY SETTLEMENTS

# Return of the going rate

By David Brindle, Labour Correspondent

IT MUST be getting chilly in the Confederation of British Industry's high-rise headquarters in London's Centrepoint tower. It is, after all, nearly a year since Sir Ferruccio Baccetti, CBI director, was setting itself up for an early and heavy fall. Similarly, critics argue that the notion of a going rate had been falling into disuse until ministers spoke up about it in recent weeks, reviving memories of the pay helicopter of the 1970s.

Such criticisms are a little unfair. The pay round is alive and well, if not quite as robust and attention-seeking as it once was. So, too, is the going rate. Ever since the Labour Government introduced in August 1975 the 5% week pay rise limit, in response to inflation of almost 27 per cent and average increases in manual earnings of 33.3 per cent, the idea of an annual autumn pay benchmark has been rooted somewhere deep in the nation's psyche.

What has changed since the

past few months than for some time. With the underlying rate of increase in average earnings stuck at 7.5 per cent since 1984, basic pay settlements have begun recently to concentrate between 5 per cent and 7 per cent in a similarly rigid way.

Incomes Data Services, a pay research company, says the stability of settlements this year has been "remarkable." Industrial Relations Services, another pay research group, says that most bargaining groups are settling at lower levels than 12 months ago but that the downward movement is minor compared with the fall in inflation. According to IRS, fewer than one in 15 settlements is breaching the "effective pay floor" of 5 per cent.

The prospect of 5 per cent becoming a bottom line for union negotiators this winter is likely to worry many employers. Mr John Cahill, senior policy adviser at the CBI, says: "I would be utterly flabbergasted if settlement levels did not show a decline, but the 5 per cent barrier is going to be just as important psychologically as the 10 per cent barrier was in the early 1980s."

### Long-term deals can often aggravate wider problems

return of free collective bargaining in 1979 is the seasonal balance of the pay round. November has declined in importance as a settlement date as bargaining groups, anxious to get out of the front line of autumn negotiations, have shifted to January and April. July, appealingly at the end of the round, is becoming increasingly popular with employers who calculate that trade unions find it difficult to persuade their members to take industrial action close to the summer holiday break.

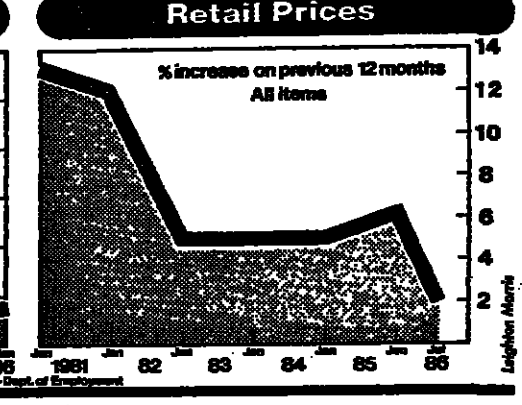
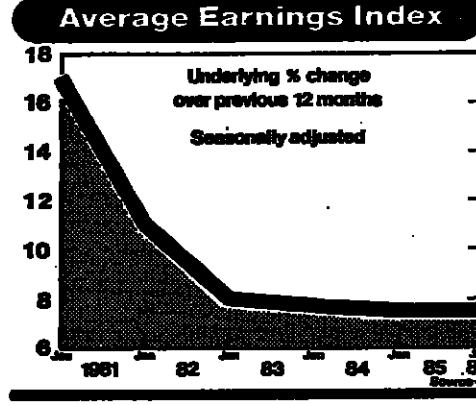
Another development since 1979 is the emergence of the long-term settlement. The lengths and expense to which British Airways has gone to secure a repeat series of two-year deals (average 8 per cent rises this year, 6 to 7 per cent next) shows the attraction of stability these can offer. However, they remain of minority appeal.

Further, long-term deals can often aggravate wider pay problems in the wider industry, for instance. Austin Rover and Jaguar are at present negotiating against yardsticks of 6 per cent and 5.5 per cent, being the second stages of two-year agreements with Ford and Vauxhall respectively.

Any suggestion that such forward markers will not be influential seems rash. For the evidence of a going rate has, if anything, been stronger in the



August	%	September	%
Beacon curing	5 plus £200	Agriculture (Scotland)	6.1
Gillette	7	Police	7.5 index-linked
Hollifield Building Society	5.6	Vestric	5
Lock Industry	2.5	Vauxhall	5.5 plus £20
Smiths Industries	6 staged 12-month deal	Kraftwerk (Hawick)	3.75
Paper box	6	Local authority manual workers	6.7 offer
News International		Retail Menswear	6.25



## Way through the planning maze

A PRIVATE householder can be ordered to change the colour of a front door, the immediate of countryside can be commandeered for projects deemed to be in the national interest ranging from motorways to channel tunnels. It is little wonder that the planner, armed with interminable rules and regulations, has become one of the least popular professionals of modern civilisation. He is criticised by the bureaucracy, supposedly acting in the common interest, against those who want to develop and those who do not. Even endowed with the wisdom of Solomon, a planner would be hard pushed to win friends from such a brief.

Since the Second World War successive British governments have tried and failed to reconcile the conflicting interests involved in planning town and country. Mr Nicholas Ridley, the Environment Secretary, has put forward some ideas with the laudable aim of trying to simplify and improve the myriad systems which comprise the nation's cumbersome planning machinery. But it is far from clear that his ideas will work any better than those of his predecessors.

The present planning system is a two-tier arrangement with detailed structure plans being prepared at county level and local development plans being drawn up by the districts. These plans, particularly the structure plans, take years to prepare; they often conflict with each other and with the way in which pressures for development appear in the market. Local planning decisions are subject to appeal to the Environment Secretary, a process which can take years and which often produces a result directly contrary to the structure and development plans. It is all a very British muddle.

**The exception**

Mr Ridley's proposal would eliminate the structure plans entirely, leaving a single tier of development planning in all parts of England and Wales to still with an appeal process to him. "It will bring planning closer to local people, where it belongs," he said.

While the aim of devolving as much as possible to the local level remains a generally healthy objective, planning may be the exception that proves the rule. Any change in plan-

### Wolffson's uphill push

Brian Wolffson, who today starts a two year stint as chairman of the British Institute of Management, believes that some of Britain's industrial problems stem from a culture which heaps blame on people who have failed in business enterprises, yet the reluctant to respect those who succeed.

The creator of the Anglo Nordic group of engineering companies, and chairman of the consortium which plans to inject new life into the Wembley Stadium complex, 51-year-old Wolffson comes into the success category. Billed by the BIM as "more of an entrepreneurial figure than the previous holders of the post," he is a man of few words. Peter Parker, Wolffson himself is a bit dismissive of the description. "All managers must be able to take entrepreneurial decisions from time to time."

His contribution to BIM activities to date has been wholly in the promotion of management education, and he plans to bang this particular

### Men and Matters

drum all the harder during his presidency. He wants to increase the involvement of young people with industry, building on Industry Year initiatives like work shadowing, and also to emphasise the importance of support by managers for education and training throughout the working lives of employees.

The best-managed companies already do this. By example and discussion, our members must spread the message to all companies. If we can get management to focus on common goals, we might just ensure that the British companies go over the top of the hill which they have slugged up in the past few years. If not, we will slide back down the hill."

### Japanese puzzle

When it comes to choosing people for senior positions in business and government, the Japanese are normally painstakingly methodical in checking out all possible ramifications of an appointment.

They even have a special word for the process, *nenmawashi*, which means literally "digging around the root of a tree."

Well, it appears that the Bank of Japan did not dig thoroughly enough last week and the result is that it has had to despatch its widely-respected deputy governor for international relations, Shijuro Ogata, to the relatively minor post of deputy governor of the Japan Development Bank.

Sources close to Ogata, who moves easily and effectively in central banking circles throughout the world, left no doubt that the man was extremely disappointed about this sudden transfer.

The cause of it all, it seems, is the Nakasone Cabinet's new determination to stand up to the bureaucrats and assert its will over senior civil service appointments.

The BOJ failed to notice the change and so put forward a candidate for its reserved seat on the development bank board without first clearing it with the Cabinet office, which, after

### Classics man

The Great Investment Race — in which 16 fund managers are competing to raise funds for charity—begins at noon today and the City of London teams are sparing no pains in polishing up their investment strategies.

Nomura Securities is courting Japanese securities, while Fidelity, the unit trust group, is scouting about for the riskiest possible investments.

But the London stockbroker L. Messel seems to have swallowed a Greek dictionary. "The strategy of the team will be to chase high leverage returns — in the parlance of market risk measurement of Alpha and Beta factors we will be looking at the Omega end of the scale," it says.

And goes on: "In our endeavour to steer a geared course between the Scylla of Big Bang and the Charybdis of its confused aftermath..."

Well, as long as it avoids the clutches of the Cyclops.

### Press cutting

Just to show we in the trade can take it on the chin. A New York editor told his wife that he was going to give his teenage son an aptitude test. "I'll put a dictionary of quotations, \$200 and a bottle of Scotch on the table," he said. "If he takes the quotations, he'll be a writer; if he goes for the money, he'll be a banker—but if he takes the Scotch, he's doomed."

The boy was called in, and quickly put the money in his pocket, picked up the Scotch and ran out of the room. "It looks," observed the wife, "as if he's going to be a journalist, just like you."

### Going for gilt

Whitehall is about to lose another bright star to the Big Bang. Peter Spencer, one of the Treasury's experts on the financial markets, is going to Credit Suisse First Boston, the powerful Euromarkets house, to head their gilt-edged research department. CSFB, which is jointly owned by Switzerland's third largest bank and a leading Wall Street investment house, is one of the plucky band of 27 firms recognised by the Bank of England as gilt market-makers.

"This is a good time to be going to the City," says the 37-year-old Spencer, who helped develop the Treasury's economic model on the financial markets, and is one of two senior economic advisers who put together the medium term financial strategy.

He says he has "no strong views" on whether the gilt market will turn into the widely predicted bloodbath as the 27 scramble for business after Big Bang. "All I know is that CSFB have a major commitment to that market."

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*Observer*





CONVENTIONAL WISDOM has it that after the Big Bang on October 27, small companies may find it increasingly difficult to market their shares as the securities houses scramble to deal in the larger, more profitable transactions generated by the bigger companies. For once, conventional wisdom is probably correct.

If the securities houses neglect dealings in small companies after deregulation, then the market in the shares of these companies will become illiquid; the movement of the share prices more volatile; and the gap between buying and selling prices wider. As a result, many small companies would be left with unmarketable shares and dwindling market capitalisations.

How difficult will life be for small companies after the Big Bang? If illiquidity develops it will be a short or a long-term phenomenon? Illiquidity has always been a problem for small companies, particularly for those on the Unlisted Securities Market, says Mr Simon Metcalfe, a director of County, the merchant banking arm of National Westminster.

The crux of the problem lies in the way the jobbing or market-making system in London works. After deregulation, as competition intensifies in the City the securities houses will be forced to counter the fall in commissions by cutting costs and by increasing the size and profitability of individual transactions.

In this competitive environment, it may no longer be cost-effective to handle the smaller, less profitable transactions generated by small companies. Many of the larger jobbing firms have already begun to prune their portfolios. Akroyd, Pinch, Denay and Wedd Durlacher have already stopped making markets in some of the smaller USM stocks. County Bigsod intends to follow suit.

It is simple to sketch a scenario in which smaller companies are forced to trade their shares on the matched bargain basis adopted by private companies and those dealt on the over-the-counter market. But matched bargain trading tends to be very sluggish. For companies quoted on the USM, the problems posed by illiquidity could be compounded by the particular difficulties faced by the junior securities market.

### SMALL COMPANIES AFTER BIG BANG



## Now they will have to shout twice as loud

By Alice Rawsthorn

Development has been touted by the Stock Exchange as a triumph for the London securities market. But in recent months a series of measures have been introduced, both by the Government and the Stock Exchange, which augur ill for the junior market. Without them the USM may look distinctly lacklustre and the remaining companies could find it even more difficult to attract interest from the City. The USM has a parallel problem in the fragmentation of the junior markets after the Big Bang. The Stock Exchange intends to introduce its Third Market in early December, and the 60 or so licensed securities dealers who conduct the OTC market are devising plans for a new market, the London Securities Exchange.

which active, acquisitive companies can attract attention. On the main market small companies could sink without trace. Nonetheless, the USM faces the prospect of an exodus of its larger stocks to the main market after deregulation. Without them the USM may look distinctly lacklustre and the remaining companies could find it even more difficult to attract interest from the City. The USM has a parallel problem in the fragmentation of the junior markets after the Big Bang. The Stock Exchange intends to introduce its Third Market in early December, and the 60 or so licensed securities dealers who conduct the OTC market are devising plans for a new market, the London Securities Exchange.

for three or four years. Many other institutions have begun to withdraw from small-company investment and this is already creating liquidity problems. It could be argued that such a reaction is premature given that illiquidity may prove to be little more than a temporary phenomenon. In many ways the precedent set by the US version of the Big Bang, Mayday on Wall Street in 1975, is encouraging. Immediately after Mayday, the larger securities houses did concentrate on bigger companies but the demand for the smaller, but this forged an opportunity for a stream of new houses to emerge as specialists in small companies. Mayday also helped to create, albeit unintentionally, a new generation of investors in small-company shares.

### The Commonwealth

## Britain can get along without it

By Sir Michael Butler

6.7bn in 1980. Individual investors are much more active in the US than in the UK. While at the time of Mayday private investors held 62 per cent of US equities, that figure has since risen to over 70 per cent. In the UK the pattern is reversed, with the institutions holding more than 70 per cent of shares. Thus it will be more difficult for individuals in the UK to generate the same momentum for small-company shares.

But it seems likely that individual investment in the UK will increase after deregulation. The London securities houses will be just as eager as their New York counterparts to drum up new business from private investors to counter the reaction of institutional commissions. This will be accompanied by the Government's efforts to stimulate individual investment.

Thus there could be an influx of new investors on to the market, many of whom may be amenable to investment in small companies. But all this takes time and in the intervening period some of the small companies coming to the market could face a lacklustre response to their offerings; and some of the companies already on the market may find it difficult to trade their shares. What can they do to counter these problems?

For companies considering going public the best advice is probably to wait, says Mr Robert Samuel, a director at the merchant bank J. Henry Schroder Wagg.

In the meantime they might consider a private placing. The old arguments against them are still valid: a discount to those in publically quoted companies, if liquidity on the stock market dries up for small companies then publically quoted companies will trade at a discount too. The disadvantage of a private placing will be eroded.

For small companies already on the market visibility will be crucial. After deregulation a small company will have to behave in many ways like a paradigm of the publicly quoted company in order to remain viable and of course active trading in its shares. Communications with shareholders will be essential, as will encouraging brokers to research the company, attracting press and institutional attention through public relations and releasing extra equity to improve liquidity.

The City will always be interested in a young, growth-hungry company with a good story to tell, says Mr Simon Metcalfe of County. But after the Big Bang those companies will have to shout twice as loud before anyone will bother to listen.

AS A nation, we have the enduring quality of loving our institutions — our monarchy, our parliament and many others, including the Commonwealth. Even if everyone does not love the Commonwealth, few have been ready to question the general assumption that it is "a good thing." As a matter of principle, I would prefer to leave our assumptions about constitutional matters undisturbed. But the South African affair does make it necessary to pause for a moment and ask whether the Commonwealth remains so valuable in 1986 that it is worth paying a price to maintain it.

Why the South African affair? Because economic sanctions against South Africa would not only probably fail to achieve their stated purpose, damage the people they would be supposed to benefit and certainly cost Britain money, jobs and consumer satisfaction, but might well create a major world banking crisis. If the industrialised world cuts off South Africa's means of earning foreign exchange and puts the Boers up against the wall, what else can they do but default on their debts? The world financial system is not well-placed to sustain a default on \$22bn of mostly short-term debt.

Before the Commonwealth summit in August, it seemed as though the weight of sensible opinion in the UK might be shifting in the direction of supporting sanctions because not to do so was thought to create a threat to the Commonwealth. Luckily, and perhaps foreseeably, Mrs Thatcher's refusal to be bounced had no such result. But, alas, the tragedy in South Africa continues to deepen and the question of mandatory sanctions will soon arise again. So I suggest that we ought now to take a calm and objective look at the value of the Commonwealth to the UK today. If it did not exist, would we think it necessary to invent it?

Can anyone point to an occasion in the last decade when the existence of the Commonwealth enabled Britain to

achieve foreign policy objectives which it would not have achieved otherwise? I doubt it. On most political as well as economic issues, under Labour and Conservative governments, Britain has usually either stood alone or in a small minority with the "old" Commonwealth (Canada, Australia, New Zealand). The pressure has been on Britain to change its position rather than Britain being able to use the Commonwealth to gain support.

It is argued that the existence of a forum where leaders of countries from all the continents can meet and discuss world affairs in a common language militates in favour of peace and international understanding.

If we had not inherited it, we would not want to create it

standing. This is a superficially attractive thesis. The trouble is that it does not seem to be borne out by the facts. Commonwealth governments with whom Britain's bilateral relations are excellent often find themselves taking a position hostile to our interests or policies when they meet as a group. They hot each other up against us. This is particularly true of the African countries on North/South economic issues and South African questions. I remember only too well representing the UK at a group which was drafting the economic part of the communiqué of a Commonwealth Heads of Government meeting when Mr Callaghan was Prime Minister. My instructions were not to give ground on the Government's position about aid and I had to scowll all night. The developing countries behaved in exactly the same confrontational way as they would have done in Unctad or other North/South negotiating forums. The thesis that sweetness and light

are generated by getting the Commonwealth together is hard to sustain.

Does the Commonwealth help us to sell our goods or secure lucrative contracts? It is, of course, true that we do a lot of business with Commonwealth countries. But a straw poll of a tiny but representative sample of businessmen does not lead me to think that the existence of the Commonwealth has anything to do with this. They say that their position in these countries is based on their own long-standing efforts and would not in any way be changed if the Commonwealth disappeared overnight. Of course, it could be damaged either by an acrimonious break-up of the Commonwealth or by long-drawn out British resistance to mounting Commonwealth pressure for sanctions or, still worse, by Mr Kaunda actually succeeding in getting some support for applying sanctions to the UK — luckily a distant prospect.

So what should we conclude? If we had not inherited the Commonwealth, we would not want to create it. But it would be foolish for the UK to take the initiative to leave it or try to break it up. The others might maintain and use it against us. But it must be right to take a thoroughly hard-headed view and to promote public discussion so that Commonwealth leaders are not under the illusion that a threat to break up the Commonwealth will bring the UK to heel. Sensible public opinion needs to remain calm if at any stage in the South African tragedy it seems likely to create a crisis in the Commonwealth. It would be very damaging not only to Britain's national interests but to the world banking system and therefore the world economy if any British government were to feel that the Commonwealth argument tipped the scales in favour of mandatory sanctions. We can live quite well without the Commonwealth but we shall live very badly with a major banking crisis.

The author, a former UK permanent representative to the EC, is now a director of Hamble Bank.

### Directors and shareholders

From the chairman, Carlyle Trust (Jersey)

Sir,—In relation to the Guinness affair, it is sad to hear that even the Stock Exchange has recently felt the need to remind the business community that the duty of directors is to their shareholders; and this by implication should surely mean that a board should never oppose a bid in order merely to preserve its own position.

I say this with some emphasis, following a recent press report that the board of Standard Chartered Bank committee members Eoin Allen to help prepare its defence, but that after mature consideration Boon Allen, in effect, recommended acceptance of the Lloyds bid in the interests of the general body of shareholders.

As so many people have found the Guinness affair quite sickening, I wonder what they now feel about the attitude of the board of Standard Chartered Bank if the report was correct. Perhaps longstanding shareholders in Standard Chartered will comfort themselves with a feeling that "the rescuer," described as the gang of three, who now hold non-executive directorships, will look after all shareholders in the course of preserving their own interests, always assuming that those interests are identical. The suggestion made by financial writers that the Standard Chartered Bank might be fragmented, in order to satisfy the ambitions of some of those who helped Standard Chartered to resist Lloyds Bank's bid, is a very attractive one. I am sure that Standard Chartered would run into a lot of other troubles if such a course of action were ever attempted.

Worries about radiation

From Mrs A. Barrett. Sir,—It seems that the only people who have discounted my worries about radiation have been those with a vested interest in the nuclear industry (e.g. Mr Peter Saunders, head of the UK Atomic Energy Authority, September 16). In May this year, there was an incident at the Dungeness nuclear power plant in which 100 tonnes of "mildly radioactive" gas was accidentally released into the atmosphere. The industry issued a statement saying that there was no cause for public concern since the amount of radioactive gas released was only one-80th of their regular daily discharge. If these discharges were emitted in the form of black smoke and not invisible, surely

### Letters to the Editor

they would not be allowed under the Clean Air Act.

Many people nowadays object to the general public areas like cinemas have been declared "No Smoking" areas. Under the same analogy, why should we, the general public, be forced to inhale in the air we breathe the carcinogenic "fumes" discharged by the nuclear industry?

According to a Government statistical survey, the incidence of leukaemia near the Dounreay Nuclear Plant in Scotland is 10 times higher than normal and according to the Government-backed Nuclear Environment Research Council radioactive nuclear waste does concentrate. Mr Saunders undoubtedly has a vested interest in protecting his industry, but we mothers have a vested interest in protecting the health of our children, and to us that means everything. Ann Barrett, 59 Eiston Avenue, Cambridge.

As much at risk

From Dr L. G. Brookes. Sir,—Mr Hills' grapes (September 11) has a very wide spread but almost none of it bears on what I had to say. He also reveals considerable ignorance. Radon is not a mostly man-produced chemical arising from uranium mining. It is a ubiquitous naturally occurring radioactive gas which collects in dwellings. In some houses the dose from this source has been found to be many times greater than the maximum permissible dose to workers in the nuclear industry.

Mrs Barrett's letter (September 12) is much more to the point but throws no more light on the grossly disproportionate relationship between level of concern and level of radiation from the different sources. It is true that official inquiries have found above-average incidence of leukaemia near some nuclear plants as well as at places far distant from them, but none has found any evidence to connect the cases to the minute routine releases from the plants. A study under the auspices of the Centre for Clinical Epidemiology at Leeds University concluded that there was no more cause for concern than there was an increased risk of leukaemia near a nuclear plant than for saying it about "a brewery or any other sort of establishment." L. G. Brookes, 16 Ipswich Road, Bournemouth.

Port subsidies and unfair competition

From the chief executive, New Docks, Port of London Authority. Sir,—I wish to correct the misleading statements attributed to Sir Keith Stuart (September 12) in connection with Government subsidy of ports in general and the health of the Port of London in particular.

The so-called Government subsidy to London and Liverpool was, in fact, reimbursement of revenue lost by registered dock workers who, under the National Dock Labour Scheme cannot otherwise be made redundant. London and Liverpool still pay nearly half of the industry's outstanding debt to Government for severance borrowings. The scheme distorts competition between ports, but certainly not in London or Liverpool's favour.

There are other payments to UK ports which can more accurately be described as "subsidies." These include Government and EEC regional aid grants, support for local rate-offs and "soft" loans. Most UK ports, including Associated British Ports, have benefited from one or more of these "subsidies."

Compared to the government subsidies enjoyed by our EEC competitors, subsidies to UK ports are insignificant. In my view, they have little overall impact on competition between UK ports. As to the suggestion that London is a port heading for "ultimate decline" let the facts speak for themselves. London has increased its trade by 5m tonnes (12 per cent) over the past two years and remains far and away Britain's biggest non-oil port. The message for your readers, our competitors at home and in Europe and our customers is that the Port of London is alive and intent on carving out an increasingly healthy future. D. J. Jeffrey, Europe House, World Trade Centre, E1.

Unequal treatment on retirement

From Mr M. A. Siddiqui. Sir,—Eric Short's article, "Reaching the age of pension equality" (September 15) makes no reference to differential treatment for men and women retiring from the Civil Service, some public corporations and the recently privatised British Telecom. In these services the retirement age is 60 for both men and women. Whereas the woman are entitled to draw state pension soon after their retirement, the men have to wait until reaching the age of 65. They are not entitled to draw even unemployment benefit and have to live on their company pension, however small it may be. M. A. Siddiqui, 33, Birch Grove, Kingsbury, NW3.

Distortion on Docklands

From the chairman, Docklands Consultative Committee. Sir,—Joan Gray's article "Bid to delay Canary Wharf scheme fails" (September 16), is misleading. To state that the London Borough of Greenwich and other local author-

ities "were forced to withdraw their action... [upon finding] that a modified version... had already been approved by the London Docklands Development Corporation" is a distortion of the facts.

The article portrays the action of the High Court on September 15 as a defeat for the borough. This is far from so. Greenwich's case against the development corporation was not to do so was thought to create a threat to the Commonwealth. Luckily, and perhaps foreseeably, Mrs Thatcher's refusal to be bounced had no such result. But, alas, the tragedy in South Africa continues to deepen and the question of mandatory sanctions will soon arise again. So I suggest that we ought now to take a calm and objective look at the value of the Commonwealth to the UK today. If it did not exist, would we think it necessary to invent it?

The reality is that Greenwich, along with other local authorities and local communities in Docklands, is now in a better position to push its case. The Master of the Rolls was so annoyed with the LDDC at the court hearing—not least all for trying to waste the court's time—that Greenwich's appeal costs were awarded against the LDDC.

The "little change" within the new plans for the position of Docklands, is now in a better position to push its case. The Master of the Rolls was so annoyed with the LDDC at the court hearing—not least all for trying to waste the court's time—that Greenwich's appeal costs were awarded against the LDDC.

Greenwich now has three months to appeal against the "new" proposals. And, as Mr Norman Adams, Greenwich planning chairman pointed out at the subsequent press conference, the council is determined to force the LDDC to consult. If it succeeds, the LDDC's latest approvals could yet be quashed. Fred Jones, The Showroom, South Stock County Hall, SE1.

### ADVERTISEMENT

## PLESSEY HOTLINE PLESSEY H

### New command system for HMS Fearless



A Royal Navy tactical command and control centre fitted with Plessey intelligent display systems.

Plessey has been chosen to provide a £3 million Action Information System for the assault ship, HMS Fearless. The system, to be known as NAUTIS-L, will improve significantly the ship's capability in amphibious warfare and self-defence.

NAUTIS systems are based on NAUTIC — the Plessey Naval Autonomous Intelligent Console.

NAUTIS-L for HMS Fearless comprises seven NAUTIC consoles.

The consoles are networked, using a military standard data highway to maintain a replica of the command system database which is available independently to each console user.

For HMS Fearless, NAUTIS-L interfaces with surveillance and navigation radars, IFF helicopter transponders, navigation sensors and plotting table system, as well as self-defence weapons, to integrate comprehensive tactical presentations to the command team.

Automatic tracking of aircraft, helicopters and surface units is provided in each console.

This contract is the second successive win for NAUTIS systems for Royal Navy command and control under the competitive procurement policy of the MoD.

The first, NAUTIS-M, is now in advanced development for the RN's new minihunters.

The order will enhance further the already considerable export potential for NAUTIS-based systems.

The modular architecture of NAUTIS allows the NAUTIS-L consoles to be re-used with minimal development in system variants, comprising one or more NAUTIC consoles, for amphibious warfare and other ship applications.

Included on the Plessey Stand at the Africa Telecom exhibition recently in Nairobi was a special display of System X. Plessey is prime development contractor for System X, with responsibilities for selling it abroad.

## PLESSEY

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### Persian Gulf payphones

pay off

Seven hundred Plessey intelligent payphones installed in the Persian Gulf are currently proving that the operation of public telephones can be highly profitable. The income from each payphone averages well in excess of £800 per month. The owners have had to organise three coin collections daily. This startling return on investment results mainly from Plessey payphones permitting direct dialled international calls, and accepting all countries' coins in use in the area, including high denominations. These features have been put to highly convenient use by the many expatriate workers from India and Pakistan who have no private phone access. An order for a further 400 payphones for the area has now been placed with Plessey Telecommunications Products in Liverpool, for manufacture at its Chorley plant.

### NEW ORDERS

Such has been the success of the Plessey range of payphones that in just twelve months since its formation, Plessey Telecommunications Products has grown to dominate world markets, selling more than 150,000 in a score of countries in all five continents. Further new orders — from Puerto Rico, Spain and Bahrain — are worth in excess of £750,000 for over 600 payphones for initial trials. Plessey experience indicates that trials soon lead to supply in large quantities, since usually it does not take long for authority to appreciate the higher operating profits. In the UK, British Telecom has ordered replacements for most of its 80,000 public telephones with models from the Plessey payphone range.



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## The Newport Argument

Relocation details on 0633 56906

### Marine Midland to buy First Penn for \$585m

By William Hall in New York

MARINE MIDLAND Banks, majority owned subsidiary of Hongkong and Shanghai Banking Corporation, plans to pay at least \$585m for First Pennsylvania Corporation in a move which will considerably strengthen its position in the North-Eastern US.

Philadelphia-based First Pennsylvania is the parent of the oldest US commercial bank, which has been slowly recovering after being rescued by bank regulators in 1980. With assets of \$3.6bn, First Pennsylvania is the third largest Philadelphia bank and the first bank in the state to announce plans to merge with a major New York bank.

The proposed merger is the latest in a string of deals in the north-east and reflects the crumbling of barriers to interstate banking within the region.

The transaction is subject to a number of conditions, including receipt of required regulatory approval, and is expected to occur within a year after the date when interstate banking between Pennsylvania and New York becomes permissible. On the basis of current banking laws, the merger would be permitted after March 4 1990.

As part of the agreement, Marine Midland will invest up to \$150m in First Pennsylvania, including \$100m of newly issued series B preferred stock and \$50m in additional preferred stock or debt obligations. In addition, First Pennsylvania is issuing stock purchase warrants to Marine Midland Exercisable at \$7.70 a share, which if exercised would give the New York bank a 18.5 per cent stake.

At the time of the merger Marine Midland will acquire First Penn's outstanding shares for a cash price equal to the greater of \$15 a share or \$11 a share plus double the increase in First Pennsylvania's share price by 31% to 50% in early trading yesterday.

First Pennsylvania will use the proceeds of the stock issues to reduce outstanding common stock and retire previously issued convertible preferred stock. Mr George Butler, First Pennsylvania's chairman, said that the deal would "provide an immediate improvement" to the group's capital structure. He would recommend the reinstitution of cash dividends which were suspended after the bank ran into financial difficulties.

### Pretoria hopes Reagan will veto sanctions

BY ANTHONY ROBINSON IN PRETORIA

MR PIK BOTHA yesterday rejected the US congressional sanctions package as "unwarranted foreign interference in South Africa's internal affairs." The Foreign Minister said, however, that the package had positive aspects and that Pretoria still hoped for a veto by President Ronald Reagan.

He noted that 34 Senate votes were required to sustain a veto and added that it was regrettable but likely that President Reagan would have to stiffen the sanctions measures included in the existing executive order in order to gain the required number of votes. If the sanctions bill survived the expected vote, however, and became law "we are prepared to accept it as inevitable... it will harm us but not kill us," he told a news conference.

Mr Botha said that the proposed legislation contained a number of "soft" provisions which the South African Government supported. Among these were the call on the African National Congress

(ANC) to "suspend, abandon or end violence" and another which required an investigation by the Central Intelligence Agency into the activities of the ANC and the extent of communist influence on the ANC, the Pan African Congress and other anti-apartheid organisations which Pretoria claims are heavily infiltrated and manipulated by the South African Communist Party.

Mr Botha also welcomed reports from Washington that the US was considering a \$500m aid package to the front line states likely to be affected by sanctions against South Africa, and specifically US assistance to upgrade the railway between Harare, the Zimbabwe capital, and the Mozambique port of Beira.

The corridor is guarded at present by Zimbabwean troops against attacks by Mozambique National Resistance Rebels. Beira port is heavily silted up and in need of extensive modernisation.

"South Africa is painfully aware of the need for development in southern Africa and anything which can be done to help our neighbours is welcome. We just hope that it is real and substantial, not just a token," he added.

After repeating South Africa's policy of not imposing counter sanctions, Mr Botha qualified this position: "I cannot say that in certain cases South Africa will not react by introducing an import licensing system." He singled out Denmark and Sweden, both of which have announced embargos on South African coal imports, as possible targets.

Asked about last weekend's separate meetings between Mr Oliver Tambo, the ANC leader in exile, Sir Geoffrey Howe, the British Foreign Secretary and Mr Chester Crocker, US Assistant Secretary of State for African Affairs, Mr Botha said he hoped that both men had fully explained their opposition to the ANC's strategy of violence.

### TSB issue gives UK bout of flotation fever

By Richard Tomkins and Hugo Dixon in London

MUCH of Britain seemed to be gripped by flotation fever yesterday as thousands of investors prepared last-minute applications for shares in the £1.5bn (£2.17bn) offer for sale of the Trustee Savings Bank (TSB).

As today's 10 am deadline loomed, TSB reported an extraordinarily high level of interest in the issue and said people had been flooding into its branches throughout the country to hand in their applications forms.

In the City, London's financial district, queues of would-be investors stretched for up to 150 yards outside the TSB's Cheapside and Lombard Street branches. Small investors with applications for shares worth about £1,000 seemed to be heavily represented in the queues, but some people were writing out cheques for six-figure sums.

Mr Richard Bing, TSB communications manager, said the bank was delighted with the response so far and that the level of interest seemed to have increased substantially in the last few days.

"I think this is partly because people have become aware that the deadline is approaching and partly because of press comment in the last week suggesting that the issue is going to be a sure-fire success," he said.

Ten designated branches of Britain's leading commercial banks will be receiving last-minute applications this morning - seven in London and the other three in Edinburgh. They are expected to be busy and will open their doors to applicants at 8 am, or even earlier if queues begin to form. Moulded police lines on a patrol to help with crowd control.

Mr Bill Peine, senior registrar at Lloyds Bank, the lead receiving banker, said such scenes as the deadline approached would be avoided by allowing everyone to deposit their application forms whether they were through the doors by that time or not.

The TSB repeated its warning that tough action would be taken against people who submitted multiple applications. All cheques cashed to suspect forms would be cashed before being returned, and clear cases of multiple applications would be passed to the Director of Public Prosecutions.

"We are taking a very harsh line on this: we want to make absolutely sure there is no cheating," the bank said.

Britain's largest building societies reported yesterday that people had been running down their deposits to pay for TSB shares. Some estimates that withdrawals from the building societies alone would cover the whole of the £750m partly-paid issue.

Mr Tim Melville-Ross, chief executive of Nationwide Building Society, said tens of millions of pounds had been withdrawn in the last week and that the effect on building society deposits had been more dramatic than it was just before the British Telecom flotation two weeks ago.

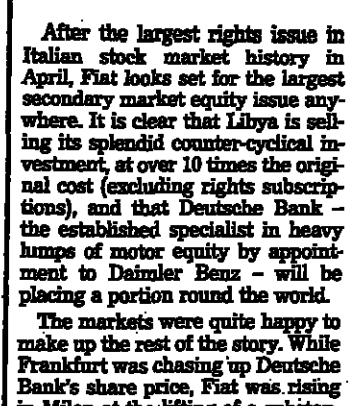
Philip Stephens writes: The Bank of England is not expecting the TSB sale to create any particular strains in London's wholesale money markets tomorrow. Unlike previous privatisations, there is no flow of cash from the banking sector to the Government.

The huge build-up of banking deposits before the sale, however, could cause distortions in the Government's targeted measures for the money supply. The British Telecom sale in November 1984 is thought to have caused erratic movements in money supply growth for at least two months.

Estimating the possible size of any distortions, however, will be impossible until full details of the size of the response to the TSB offer and the timing of allocations and cheque returns are clearer.

### THE LEX COLUMN

## The Colonel's used car



After the largest rights issue in Italian stock market history in April, Fiat looks set for the largest secondary market equity issue anywhere. It is clear that Libya is selling its splendid counter-cyclical investment, at over 10 times the original cost (excluding rights subscriptions), and that Deutsche Bank - the established specialist in heavy lumps of motor equity by appointment to Deimler Benz - will be placing a portion round the world.

The markets were quite happy to make up the rest of the story. While Frankfurt was chasing up Deutsche Bank's share price, Fiat was rising in Milan at the lifting of a substantial political burden and there was talk of arbitrage opportunities on a discounted placing in the bourse. Though the Fiat holding company and its friends are expected to take a good portion of the issue, the markets outside Italy may still be asked to absorb over \$20m in Fiat equity.

Fiat has been doubling its earnings with meteoric regularity for three years and will probably do so again this year. Whether the Libyans are simply calling in their downstream investments to replace lost production revenue, or are fearful for their overseas assets, the divestment makes every sort of financial sense. No doubt the good colonel has come to the conclusion that a price/earnings multiple of 16 does not adequately discount Fiat's heavy dependence on a protected domestic market and the somewhat slower growth in store.

Clyde's shareholders' funds would still greedily exceed its present market capitalisation, it can afford to be frank.

As far as cash flow is concerned Lasmo can possibly justify its caution. Although cash-neutral in the first half, the second half could see an outflow of £15m, even after receipt of the same sum from the sale of the Dutch North Sea interests. The real point is that, with Rio Tinto-Zinc blocking predators with its 27 per cent stake, the company feels free to spend discretionary cash on such ventures as its Indonesian exploration programme. Lasmo claims that this year it may have increased its reserve base in that country by about 20m barrels which will cost less than \$5 a barrel to bring into production. The problem is that the time has long passed when the Lasmo share price can be ramped by circulating maps of the Malacca Strait dotted with oily blinks.

It seems that Lasmo has given up its plans for a merger with Enterprise Oil, and on December 15 it will be free to dispose of its stakes in that company. Although REZ has first refusal, it would be then be possible for British Gas to make an approach for part of the assets which it so much resented losing. If REZ does not have a clear run at Enterprise, its deal to swap the stake in Enterprise for one in Lasmo looks even more dubious: since it was struck Enterprise's share price has dropped by 14 per cent, Lasmo's by 53 per cent.

Lasmo has joined the list of oil companies who have refused to concede the necessity of making substantial asset write-offs. Clyde Petroleum has broken with this tradition by stating openly that a year-end extraordinary loss of £25m might be necessary. But since

Enough is, evidently, enough. The frenzy of watching the market grind out of balance between dollar and D-Mark was pleasant while it lasted. So long as the pound was holding up reasonably against one of these currencies, its movements could be rationalised as mere friction in the foreign exchange machinery. Once it started to fall against both sides at once, there was no dismissing the fact of sterling's weakness: as an effective rate below 70, and sliding, further acquiescence from the authorities would have begun to look like official encouragement to sell.

Yesterday's demonstration that the central bank was prepared to take on the forex markets in peak trading hours, selling both dollars and D-Marks, had at least the virtue of being a clear indication that a prolonged sterling devaluation is not the Bank of England's mandate. But apart from its value as a signal, the interventionist was of very short-lived value; the bounce in sterling was flattened out by the markets in a matter of hours. If the Bank is to make its point, it may have to repeat the dose, and try for better timing. An early-morning ambush in the East, perhaps?

The alternative of punishment by rising interest rates is at present even more inconceivable than usual. Apart from the fact that widening international rate differentials in the bond market have already failed to hold the exchange rate, the Bank has to consider the background of a Conservative conference and the sale of British Gas. Maybe the interval between these two events might be the point at which base rates could be driven up, in order to stiffen the currency and provide a graceful slide down towards the Gas flotation. The trouble with that idea, familiar and comforting as it may seem, is that UK interest rates are probably quite high enough already; and the Duke of York trick would be seen for what it is. The difficulty about selling gilt-edged these days is not the yield - it is the TSB.

### Cracks show in French unity over Chirac terrorism strategy

BY DAVID HOUSEGO IN PARIS

THE POLITICAL consensus in France over the handling of the terrorist issue appeared to be fraying at the edges yesterday after critical remarks by the Socialist Party that the Government was failing to keep public opinion sufficiently informed.

Mr Lionel Jospin, the First Secretary of the party, said that the Government should provide more information on "what leads it is following, what assumptions it is working on, and what went wrong on the diplomatic level" in the Middle East.

Mr Jospin, who along with other leaders of political parties, saw Mr Jacques Chirac, the Prime Minister, last Friday, said that what he had been told by Mr Chirac is "not sufficient."

His remarks reflect Socialists' fears that in rallying to Mr Chirac's call for national unity against terrorism, they have provided him

with too open a cheque.

The Socialist's criticism of the lack of information comes at a time when the Government has still not made clear whether it believes the wave of recent bombings was mainly the work of the Lebanese Revolutionary Armed Faction (the theory favoured by the police) or whether it stems from a larger movement of Middle East terrorist groups and states.

The Socialist's unease also comes at a time when there are increasing re-examinations among the political parties over past errors in France's Middle East and hostage diplomacy that have made France prey to terrorist attacks. On the wider diplomatic issue - including the French position over its peacekeeping forces in the Lebanon - Mr Chirac will outline the Government's current policy when he addresses the United Nations in New York today.

Meanwhile, Syria yesterday sought to distance itself from any responsibility for the terrorist attacks. Mr Farouk Shareh, the Syrian Foreign Minister, said that he was shocked by what he called "the anti-Syrian campaign" in the French press at a time of improving relations between the two countries.

The Socialist's political discomfort is also due to their belief that the terrorist issue is strengthening Mr Chirac's popularity and diminishing President Francois Mitterrand's power. In an effort to maintain the President at the centre of the stage, Mr Pierre Berégovoy, the former Finance Minister, implied over the weekend that the President should be given exceptional powers if the situation worsened.

All three of the terrorists whose release is being sought by those claiming responsibility for the recent attacks have now been transferred to the high security La Santé prison in Paris.

### Weinberger's TV attack sparks row with British Labour Party

BY JOHN HUNT IN LONDON

MR CASPAR WEINBERGER, the US Defence Secretary, was the centre of a row with Britain's Labour Party last night over criticism of the party's unilateralist nuclear weapons policy which he makes in a BBC TV programme.

In the interview, to be broadcast on Monday during Labour's annual conference, Mr Weinberger says that the party's anti-nuclear defence policies risk the break-up on the North Atlantic Treaty Organisation.

He argues that the stationing in the UK of F-111 bombers capable of dropping nuclear weapons and the bases for cruise missiles and nuclear submarines are in fact Nato, not US, installations.

It is highly unusual for members of a government of a friendly power to intervene publicly in the internal political affairs of another country. The contents of the interview are believed to have been leaked by the Pentagon, where officials are worried at Labour's anti-nuclear stand.

Mr Weinberger's remarks brought an angry response from Mr Denis Davies, Labour's defence spokesman, who described them as a crude attempt to swing British public opinion against Labour in favour of the Conservatives.

"I think that Mr Weinberger is very anti-Labour," he said. "His anti-social democracy in general. Countries that are allies should not say these sorts of things about each other. It is those governments change and they must continue to deal with one another."

Under Labour's defence policies, Britain's independent nuclear deterrent would be scrapped, American nuclear bases closed and territorial waters forbidden to US ships carrying nuclear weapons.

But Mr Davies maintained that Labour remained loyal to Nato and if elected would continue to commit 95 per cent of Britain's defence spending to the alliance.

Pentagon officials have told US journalists that the Weinberger interview contained the strongest warning any leading US official has given about Labour's defence policies.

Mr Neil Kinnock, the Labour Party leader, is expected to appear on the Panorama programme next Monday and to strongly deny Mr Weinberger's assertions.

### Shevardnadze attacks Star Wars

Continued from Page 1

years at the UN. Although he characterised Mr Reagan's speech as propagandistic, he said he did not himself want to engage in polemics.

He made a brief reference to the proposed second summit meeting between Mr Reagan and Mr Mikhail Gorbachev and refrained from criticising the US position on this. "Let me say that we are far from regarding our relations with the United States as holding no promises," he declared. "Lately, encouraging outlines of meaningful

agreements have been emerging. A summit meeting is also a realistic possibility. We could move forward rather smoothly if that is what the United States side wants."

He made no mention of the case of Mr Nicholas Daniloff, the US reporter who was arrested in Moscow and accused of spying. The US has termed the case an obstacle to an accord on the holding of a summit.

Mr Shevardnadze and Mr George Shultz, the US Secretary of State, discussed the matter again today.

### Britain and US unveil plans to curb fraud

Continued from Page 1 of the protection afforded by their domestic laws. In particular, the SEC sought the right to subpoena witnesses and documents in foreign countries.

Yesterday's agreement with the UK, which was reached after nearly six months of negotiations, marks a retreat from that position. The memorandum will require no change in UK or US domestic law and will thus give the authorities no right to examine bank accounts, or to search for and seize documents, when investigating frauds committed outside the UK.

The Trade and Industry Department believes that an agreement containing such provisions would arouse strong opposition from civil liberties groups even though it might also meet some of the criticisms of the Roskill Committee on fraud trials earlier this year which highlighted the difficulties of obtaining evidence on fraud from abroad.

According to Mr Michael Mann, chief of the SEC's office of international legal assistance: "The agreement is a very big step for us.

### World Weather

Africa	22	47	London	12	45
Algeria	25	77	Edinburgh	10	41
Amsterdam	18	64	Geneva	10	41
Athens	25	77	Frankfurt	10	41
Bahia	25	77	Frankfurt	10	41
Bangkok	28	81	Frankfurt	10	41
Bombay	27	81	Frankfurt	10	41
Buenos Aires	22	71	Frankfurt	10	41
Calcutta	27	81	Frankfurt	10	41
Cairo	25	77	Frankfurt	10	41
Cardiff	15	59	Frankfurt	10	41
Chennai	24	75	Frankfurt	10	41
Columbo	27	81	Frankfurt	10	41
Dublin	12	45	Frankfurt	10	41
Hong Kong	27	81	Frankfurt	10	41
London	12	45	Frankfurt	10	41
Lyons	12	45	Frankfurt	10	41
Madras	27	81	Frankfurt	10	41
Manila	27	81	Frankfurt	10	41
Mumbai	27	81	Frankfurt	10	41
Nairobi	27	81	Frankfurt	10	41
Paris	12	45	Frankfurt	10	41
Rangoon	27	81	Frankfurt	10	41
Reykjavik	12	45	Frankfurt	10	41
Singapore	27	81	Frankfurt	10	41
Taipei	27	81	Frankfurt	10	41
Tokyo	27	81	Frankfurt	10	41
Yokohama	27	81	Frankfurt	10	41

### UK steps in to defend pound

Continued from Page 1

DM 2.9708. Dealers said trading was busy with a higher than usual volume of pound/D-Mark activity. Although the Bank of England's intervention had helped support sterling, some dealers felt the effectiveness was wearing off by the end of the day.

The vulnerability of sterling has come at an awkward time for the British Government. At the Group of Five talks and the subsequent annual meeting of the International Monetary Fund, the US is expected to step up pressure on European governments to lower their interest rates.

The Government had planned to use the IMF meeting to remind voters that this year marks the 10th anniversary of the sterling crisis of 1976.

The then Labour Chancellor of the Exchequer, Mr Denis Healey, was forced to turn back from London airport on his way to Washington to cope with the crisis and eventually to negotiate an IMF austerity package. The present weakness of the pound, however, has led to suggestions in Whitehall that it might not be advisable to make too much of the anniversary.

Stewart Fleming in Washington writes: Dr Beryl Sprinkel, chairman of the White House council of economic advisers, said yesterday that the prospects "gathering strength in economy activity" in the US economy in the months ahead.

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# Trouble looming for UK professional people

BY MICHAEL DIXON

IT IS a safe bet that while many readers will be professionally qualified Europeans, few will know of an impending intervention in their professional affairs.

Why it should be unknown to most of the people who stand to be affected may at first seem a bit of a mystery, because the intervention has been under way for the past quarter century or so. But the mystery is cleared up by the fact that the intervention is being straggled by the European Economic Commission, which has notorious difficulty in getting citizens of its member countries interested in its activities no matter how much it publicises them.

The typical slowness of the British towards going on elsewhere in Europe was long ago symbolised by the newspaper headline: 'Fog in the Channel cuts off Continent.' It is not only the Brits, however, who are less than electrified by the machinations of the EEC.

Hence one of the main resolutions passed by leaders of the European Economic Community's countries at their meeting two years ago. They decided that the community will impact little or nothing to most people, nominally belonging to it, and that it must do something quick to make them prick up their ears. And hence in June the sudden looming of the long rumbling intervention.

Its time-honoured aim is to enable people deemed qualified to practise a profession in any one of the community's states to do the same in all of the others, whether in a self-employed capacity or on some organisation's payroll. The only grounds on which a state could bar outsiders would be if the job they sought involved the "exercise of official authority" or if they could be shown to be a threat to public order, security or health.

On the face of things, that prospect ought to be attractive to the assorted professions concerned because it would considerably broaden their members' working horizons. But the EEC has made singularly little progress towards making the aim a reality.

When it started trying well over 20 years back, it concentrated on particular professions with a view to getting each of their European branches to accept the others' qualifications as licences to practise.

The first profession in which broad agreement was achieved—and only enshrined in specific EEC "directives"—was medicine. Then followed several types of work allied to medicine including nursing, veterinary surgery and midwifery. Certain aspects of law practice were also brought under the umbrella. So, after years of hickering, were architects.

But the process of bringing

in different professions one by one has proved much like attempting to bottle fog. The effort to establish a directive covering engineers, begun in 1969, remains unsuccessful. And even though community-wide scope for medical doctors has been agreed on paper, some of the individual states are still resisting it in practice.

Consequently, when the leaders of the European countries told the EEC that it must start doing something to get itself noticed, the commission decided to go-up progress with the professional intervention by adopting a different approach. Instead of trying to pick professions off piecemeal, it decided to bring them in all together.

To that end it has now published the draft of a general directive which would give community-wide rights to practice to all people whose professional qualifications measure up to certain specified yardsticks.

The trouble is that the most important yardstick chosen by the Brussels-based Eurocrats is one which implies difficulties for many British nationals at least. The key measure for judging whether or not people are professional enough to practice throughout the community would be whether or not they have successfully completed at least three years of full-time "vocational education

in a university or equivalent institution properly accredited by one of the EEC states.

Since the draft directive specifies full-time higher education, the right to community-wide practice would evidently not be enjoyed by people who gained their professional qualification through the medium of part-time academic studies, or by practical training. And there are large numbers of British professional people who have qualified by those alternative routes, even though their counterparts in most other European countries gained their status by full-time studies.

So if the directive were put into force, it would seem that a lot of British professional workers would be barred from practising elsewhere in the EEC at the same time as being exposed to competition in their homeland from professionals from other European countries.

As yet, of course, the directive has not been implemented. Another fortunate thing from the viewpoint of Brits who stand to be adversely affected is that the House of Lords select committee which keeps an eye on EEC developments has recommended the United Kingdom Government to tell the commission to scrap the studies yardstick and try again.

Even so, British readers whose interests are at stake would do themselves no harm

by writing to their professional body enjoining it to back up the Lords committee's recommendation with full vigour.

## Exploratory

LIKE most folk who want to do something new, Bristol University's eminent Professor Richard Gregory and his associates have met repeated obstacles in their effort to provide people ignorant about science with a different means of learning about it. But their project to set up an "Exploratory" equipped with hands-on devices by which individuals can teach themselves scientific principles, is now evidently ready to go.

With the aid of grants from numerous charitable bodies, including £250,000 from the Nuffield Foundation, the Exploratory is set to open its doors in Bristol in March 1988 with the object of attracting 200,000 visitors a year. To achieve the launching, however, it needs an executive director.

The job — being offered through John Hollingdale of the Bristol branch of Deloitte Haskins and Sells—requires a commercially effective person with all-round managerial skills and an interest in promoting understanding of science even if lacking any academic background in it. Whoever gets the

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Applicants should have a strong knowledge of quantitative techniques and of relevant computer systems. They should be innovative in their approach to unstructured problems and should be able to communicate effectively both 'in-house' and with clients. They should be capable of management decision-making while recognising the importance of team effort. Remuneration is negotiable and should not be a problem for the successful applicant.

For a confidential discussion, please contact: Christopher Lawless or Stuart Clifford.

Financial Recruitment Specialists  
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Telephone 01-583 0073

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**Corporate Finance** £ Neg  
This represents an opportunity to be in a front line role, marketing bonds to sovereign clients mainly in the Scandinavian Region. Working for a major securities house, the successful applicant will have three to four years experience of marketing and arranging bond issues and this will probably have been gained in a leading leading house.

**Treasurer (Sterling)** To £30,000  
A major international financial institution requires an individual experienced in borrowing sterling from other financial institutions, to provide mortgage funds for clients. An excellent career opportunity for someone already well established in this market.

**Spot Dealer** £ Neg  
A fully fledged spot dealer with experience of any major currency is sought by our client, a reputable European Bank. You will be joining a dynamic team and remuneration will be negotiable according to age and experience.

**Bond Portfolio Manager** c£20,000  
Aged 24-28 having made a Bond Portfolio for at least three years, the successful candidate will have experience of fixed interest bonds, FRNs, asset funds and currency trading. A basic knowledge of Eurobond settlements is preferable.

**Fund Manager** c£20,000  
Top UK Merchant Bank is seeking to supplement its rapidly expanding investment department with an additional fund manager specialising in the management of short term money market portfolios. Aged mid to late twenties, applicants should have had at least two years of money market investment experience. Excellent prospects exist with this market leader.

**Account Officer** c£20,000  
Well established and regarded European Bank seeks a highly motivated credit officer to be responsible for a portfolio of predominantly UK companies. In addition to monitoring existing business, you will also be required to market new products to established and potential clients. Prospects are outstanding for the successful applicant.

01-588 4305/6 Moorgate Hall, 153/157 Moorgate, LONDON EC2M 6BX.

### Appointments Advertising

£41 per single column centimetre and £12 per line  
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For further information, call:

Louise Hunter: 01-248 4864  
Jane Liversidge: 01-248 5205  
Daniel Berry: 01-248 4782

## Chief Executive

### MIDLANDS MERCHANT BANK

A small group of leading investment institutions is proposing to support and fund the creation of a new financial services business in the Midlands which will combine many of the functions of a conventional merchant bank, including venture capital fund management (BES and institutionally-backed funds), corporate finance, pension fund management and insurance services.

A Chief Executive is sought who will head up a small team and will play a major part in determining policy as well as strategy.

This is an outstanding opportunity for a person of high calibre to build, from a limited existing base, a business which could become one of the principal components of the Midlands financial community.

The successful candidate will have a Midlands background, probably aged 35-50, with widely-based financial investment experience both in the Midlands and in London.

He will probably, but not necessarily, come from the corporate finance department of a major merchant bank or stockbroker.

An equity holding will be an important element in the benefit package, the terms of which can be flexible and are likely to be attractive to the right person.

Candidates should apply to: Box A0276, Financial Times, 10 Cannon Street, London EC4P 4EY.

## Senior Positions - Banking

### HEAD OF MONEY MARKETS LONDON

Prime Investment Bank establishing a money market trading presence in London. A competent individual is needed to take full responsibility for developing this division.

### FRN TRADING AND SALES LONDON

Major investment Bank expanding FRN operation requires experienced and successful traders and salespeople.

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Leading Wall Street Bank looking to enhance market share. An individual is required with either corporate finance or treasury background; exposure to swap facilitated capitalizations an advantage.

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Leading US Investment Bank. A key link between the originator and the syndicate, swaps and sales/trading functions. Good overall exposure needed.

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Telephone: 01-483 8285

## Shepherd Little & Associates Ltd

Banking Recruitment Consultants

### HEAD OF DEALER SUPPORT circa £25,000

The emphasis in this assignment centres around attaching a sound team-manager with well developed leadership skills. Following on from this our client, a major U.S. firm, is seeking experience in settlement of money market instruments and eurobonds. You will take charge initially of a team of up to twenty — there are excellent chances for further career development with this leading firm.

Please contact David Little

### BUSINESS DEVELOPMENT OFFICER — PROPERTY £17,000 plus car

As a result of expansion our client, a major U.K. Finance House has two vacancies within its commercial division for officers experienced in business development. Candidates will be expected to have well developed credit skills and some knowledge of lending to the property sector combined with the drive and enthusiasm to develop their own portfolio of clients.

Please contact Christine Clayton

### INTERNAL AUDIT to £18,000

Our Client, a specialist banking subsidiary of a major international banking group with overseas operations in Hong Kong, New York and Sydney, is seeking to recruit an Internal Auditor. The role will be number 2 in a team of 3 and is open to either Chartered Accountants or people with previous auditing experience from within a banking environment. All areas of the bank are covered by the audit team and this opening therefore represents an interesting career opportunity. Full banking benefits apply.

Please contact Madeleine Price

### U.K. EQUITY SETTLEMENTS

Two of the best known names in the City, ranking amongst the most powerful of their kind in the world, are building U.K. equity trading and sales divisions into their London operations. They seek the most talented settlements specialists in the City today — at any level. Apart from simply knowing what a transfer document is or how the Tallman system works you must be hard working, dedicated and highly efficient. If you can rise to the challenge of helping to set up these departments, whether you have two or ten years experience, they are willing, within reason, to pay whatever it costs to attract your knowledge.

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Ridgway House 41/42 King William Street London EC4R 9EN  
Telephone 01-626 1161

## GILTS ANALYST

required to assist the Fund Manager. Broad experience of all fixed interest markets including cash instruments necessary.

## UK EQUITIES ANALYST

required to join team and assume responsibility for a number of sectors reporting direct to the Fund Manager. Not less than two years' experience as U.K. Equities Analyst necessary.

The above are required by a major City investment institution. A competitive salary package is available for the successful candidates.

Apply with full curriculum vitae to:

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ANZ Merchant Bank is the international investment bank of the ANZ Group. With headquarters in London, and offices in New York, Tokyo and Hong Kong, it combines the securities expertise of Capel-Cure Myers, a leading London stockbroker, with banking skills from other parts of the Group.

We need another young banker in our banking department to help us structure and deliver innovative financing packages to both major and medium sized corporate clients.

The person we are looking for is a graduate, preferably with a legal background and a strong academic

record, in their mid to late twenties. You will probably have two to three years corporate banking experience and excellent analytical skills.

This is an outstanding opportunity to advance your career with a successful team. The remuneration package, which includes competitive benefits and a bonus scheme, is fully negotiable, and will reflect your experience and abilities.

Please write in strict confidence, with personal and career details to: Paul Adams, Personnel Department, ANZ Merchant Bank Limited, 65 Holborn Viaduct, London EC1A 2EU.

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Write Box A0286, Financial Times  
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### A NEW AND BROADER CHALLENGE FOR YOUR SPECIALIST SKILLS.

The Corporate Treasury Consulting Group is an active and growing area within Touche Ross Management Consultants. More and more companies are coming to realise the benefits that specialist treasury knowledge can bring to profitability and liquidity. Many of them come to Touche Ross for guidance.

Our clients range from manufacturing companies to financial institutions of all types. The work is varied - it spans activities which include domestic and international cash management, foreign exchange policy, financing arrangements, bank relationships, treasury systems, and tax related planning.

Ours is a young, informal environment, probably of particular appeal to pro-

fessionals in their early 30's with a first degree or accountancy qualification and possibly an MBA. Currently you are working as an Assistant Treasurer in a large company or as a Treasurer in a small company. You are able to clearly demonstrate a record of achievement.

So if a new and broader intellectual challenge is the motivation you seek, make contact.

Career prospects are outstanding and salaries are substantial. A company car is provided. Please write with full CV (in strict confidence) to: Derek Ross (Ref. 2702), Touche Ross & Co., Hill House, 1 Little New Street, London EC4A 3TR.

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- Are you experienced in corporate finance, funding & foreign exchange?
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If so, then write to Geoffrey Rutland ACA, ATIL, Executive Division, enclosing a comprehensive C.V. and daytime telephone number, quoting ref 348, at 39-41 Parker Street, London WC2B 5LH.



**Michael Page Partnership**

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## Credit Analysts

A range of challenging opportunities exists for high calibre credit analysts with a minimum of one year's experience.

You must have excellent analytical and communication skills, and a knowledge of capital markets products would be advantageous.

If you have the technical and personal qualities to rise to a challenge and take advantage of the career opportunities it will provide, please contact Fiona Collins on 01-404 5751 or write in confidence to Michael Page City, 39-41 Parker Street, London WC2B 5LH, quoting ref: 3679.



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## Credit Manager

North West location

Major Financial Institution Salary to £21,500 p.a.

This high profile banking organisation is poised to expand its already successful card operation and now seeks a highly professional Credit Manager for this fast-moving sector of its business.

The Credit Manager will control overall credit standards including the setting and regular review of credit limits. Total responsibilities for consumer credit operations, involving liaison on legal and fraud aspects, is envisaged. The development of staff expertise in credit and related matters to meet current and future growth requirements is an important aspect of this role. This highly responsible position requires a person with extensive experience at a senior level in a plastic card operation within banking, finance, retail or associated sectors. The control of credit standards and

authorisations must have been a high priority.

The job holder should be able to make ongoing and positive contributions to strategic decisions affecting both the marketing and the business plan. A professional approach to administration with previous managerial responsibility is sought. Strong interpersonal skills and a keen desire to achieve measurable results will also be important attributes of the person appointed.

The post will suit a dynamic self-starter, probably aged late 20's to mid 30's who is able to get this new section off the ground and grow with it.

Our client is a progressive, equal opportunity employer. To apply please send full career details, together with current salary, or telephone for an application form to: Angela Wall, ref: AAC1004/MT



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Continued growth of the firm's insolvency business has generated additional opportunities for insolvency specialists, with varying levels of experience who will make an early impact within an already dedicated and successful team.

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Please write with full c.v. to John Kelly.

**Ernst & Whinney**  
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## IBJI Investment Management

Equities, Gilts and Bonds

IBJ International Limited is the merchant banking subsidiary of The Industrial Bank of Japan. Together with our bond trading and underwriting functions we have a fast growing investment management activity based on blue chip institutional clients.

We are now seeking applications from professionals with good experience in the management of equity, gilt or bond portfolios. We expect the successful applicant to have a good academic record and be in their 20's or early 30's with the flair and initiative to contribute to the continuing growth of this busy department.

We are able to offer excellent career prospects and a competitive salary commensurate with your experience together with the full range of banking fringe benefits.

To apply please write, enclosing career details, to Ian Matheson, Associate Director.



**IBJ International Limited**

Buckingham House,  
3 Queen Victoria Street, London EC4N 5HR.

## Institutional Sales Executive

Develop your sales career with a leading Investment Management Firm

This position offers the opportunity to move into a sales role with one of the most creative and progressive firms in the Investment Management field.

Working directly with the Associate Director of Institutional Sales in the London office, you will promote a superior range of products and services to clients who rank amongst the most prestigious institutional investors in the UK and on the Continent.

The Company has done everything possible to ensure your success by providing the best in-house support systems available. They have the most

skilled professional teams in the industry as well as advanced research capabilities and sophisticated computerised technology.

You are likely to be a graduate in the age range 25-35, with a thorough knowledge of the investment industry and previous experience in institutional sales. The Company offers an outstanding compensation package which includes a car.

To apply, please write with CV to John Sears, Cavendish Court, 11/15 Wigmore Street, London W1H 9LB or telephone: 01-629 3532.

**John Sears**



## INVESTMENT EXECUTIVE

Singer & Friedlander Limited is seeking to appoint an additional executive to join its long established Investment Department in the Leeds Office.

Suitable candidates will have experience in investing internationally as well as in the U.K. for private client portfolios and pension funds on a discretionary basis.

The ideal candidate will be keen to work in a small team and wish to live in Yorkshire, but have the same facilities as in the City of London.

Career prospects are very attractive and the remuneration package, including a profit share, is competitive.

Written applications with full curriculum vitae should be sent, in confidence, to:

T.S. Rowan, Executive Director,  
Singer & Friedlander Limited,  
National Westminster House, 8 Park Row,  
Leeds LS1 5BQ.

Member of the Britannia Arrow Group.

## VENTURE CAPITAL

An independent venture capital company, owned entirely by its management, seeks another member for its small executive team. An additional £15m of institutional development capital has recently been raised bringing the total under management to £30m.

Preferred candidates will be in their thirties and have worked at least five years in venture capital management. They will be capable of handling on their own all aspects of the search for good investments, the structuring and negotiation of transactions and the subsequent monitoring of a portfolio. They must be able to play an active role in advising and assisting the companies in which investments are made.

The successful candidate will be offered equity participation in the management company as part of a competitive remuneration package.

Reply with full curriculum vitae to:  
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10 Cannon Street, London EC4P 4BY

We have been retained by two international banks who wish to actively expand their Corporate Finance activities. As such, they are seeking individuals with a minimum of 3 year's experience in the marketing of a range of Corporate Finance services. These individuals will be responsible for both obtaining additional business from existing clients as well as identifying new areas of operation.

**FINANCE MARKETING**  
to £30,000



Please contact Claire Hudson in strict confidence on 01-437 2521 or write enclosing a CV to: Mac Blain Nash Banking, (Recruitment Consultants), Carrington House, 330 Regent Street, London W2R 5PE.



# Chief Eurobond Dealer

£50,000 + Bonus + Benefits

A newly formed Eurobond operation, part of a well-established international financial services group, is currently seeking a senior Eurobond Dealer to recruit and lead a team and develop its market presence.

This exciting opportunity would ideally suit candidates who wish to develop in terms of management experience, and are proven self-starters. With the title of Manager and reporting to the Director in charge, applicants should have the maturity to co-ordinate a separate profit-centre and the drive and energy to make it succeed. A sound understanding of all aspects of the Euromarkets is a prerequisite.

An attractive salary package including a performance related bonus will be offered to suitably qualified candidates.

Interested applicants should contact Sally Poppleton, Manager, Securities Division on 01-404 5751, or write to her enclosing a comprehensive curriculum vitae at 39-41 Parker Street, London WC2B 5LH.



**Michael Page City**

International Recruitment Consultants - London Brussels New York Paris Sydney  
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## WE ARE MOVING

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Our telephone number remains:-  
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**Jonathan Wren**  
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### BANK MARKETING AND DEVELOPMENT MANAGER

Over three years ago Save and Prosper Group Ltd in conjunction with merchant bankers Robert Fleming and Company launched the first high interest bank account in the UK designed to appeal to customers seeking an alternative, more individual approach to banking and money management. It's an area of enormous growth potential, offering an outstanding challenge for a Marketing and Development Manager with the imagination and experience to turn market opportunities to maximum advantage.

Initially reporting to the General Manager - Banking you'll increasingly assume responsibility for the development of banking policy; the preparation and implementation of marketing sales plans as well as liaising closely with other departments in the development of new services and sales techniques.

Competitive Salary  
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City

IN PROMOTING OUR ORIGINALITY WE'LL PLACE GREAT DEMANDS ON YOURS.



Ideally in your late twenties or early thirties you will have a good degree and be a qualified banker. You will have at least five years' banking experience, be able to demonstrate significant achievements already in your career and have the potential to assume a full general management role in the medium term. The position requires a creative and incisive approach to marketing opportunities together with shrewd business acumen.

In addition to an excellent salary, you will enjoy a highly attractive range of non-contributory benefits including pension, BUPA, and life insurance.

Please write in the first instance enclosing a full CV to: Keith Nicholson, Personnel Department, Save and Prosper Group Ltd, Hexagon House, 28 Western Road, Romford, Essex RM1 3LB.

### A Diplomatic Challenge for a Personnel Specialist

One of the largest international banks, which offers a full complement of banking products and services to its extensive client base worldwide, is seeking to recruit a senior personnel officer for its expanding London branch, which employs nearly 100 staff. Reporting to the Head of Administration, you will be responsible for all personnel matters and procedures and have a direct input into day to day problem solving. You will enjoy a high profile and maintain close contact with the bank's senior management. Probably in your 30's, you have a

minimum of 5 years' general personnel experience, preferably gained in a financial environment. Adaptable and diplomatic, you are mature, level-headed and possess highly developed communication skills.

This challenging position offers a salary of circa £20,000 - £25,000 plus excellent banking benefits. To apply, please telephone or write, in complete confidence, to Matthew Wright of Cripps, Sears & Associates Limited, Personnel Management Consultants, International Buildings, 71 Kingsway, London WC2B 6ST. Telephone: 01-404 5701.

**Cripps, Sears**

### Account Officer UK Finance Houses

The AAA rated Swiss Bank Corporation is one of the largest banks in Switzerland with a major presence in international financial markets.

The City based London Office requires an account officer to expand the bank's business in the United Kingdom with financial institutions other than banks. Responsibility is for marketing, credit approval and management of the portfolio in this area of increasing importance. Candidates should have 3-5 years' experience in the field and be educated to degree standard.

Salary is negotiable plus excellent banking benefits including company car.

Full curriculum vitae to Christopher Jansen Vice President - Personnel

**Swiss Bank Corporation**  
99 Gresham Street, London EC2P 2ER.

### STERLING T. BILL/C.D. TRADERS

**SALARY: £25-£35,000**  
Prestigious UK Stockbroker is seeking to expand its activities in the Sterling money markets. Candidates should have a minimum of two years' experience trading cash money market instruments gained in an international banking environment. Considerable autonomy will be given to develop a profitable trading operation.

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**SALARY: £25-£35,000**  
A major international trading bank requires a Foreign Exchange Dealer with at least three years' experience trading major currencies.

### SETTLEMENTS MANAGER

**SALARY: UP to £30,000**  
US Investment Bank intending to establish a UK Stock Exchange division requires a highly motivated individual with several years' experience.

Please contact Catherine Verr on 01-621 1942 or write to her at 18 Rood Lane, London EC3M 8AP

### BRUNEL BANKING

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Are you earning £20,000-£100,000 p.a. and seeking a new job? Connaught's discreet and successful Executive Marketing Programme provides professional excellence in helping you to identify those unadvertised vacancies. Contact us for a free and confidential meeting to assess if we can help you. If you are currently abroad ask for our Executive Export Service.

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**Assistant Actuary Up To £30,000 per annum, Car**

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**Trainee Actuaries Up To £11,000 per annum**

Our Client, part of one of the world's leading and most well established corporations within the insurance business offers policies in all products. Within the U.K. there are currently 900 employees in 30 locations with assets in excess of £600 million.

At the senior level the successful candidate will become a key member of the management team, making decisions that are vital to the success of the Company.

At all levels day to day activities could range from fixing premium rates, or the basis of surrender values for policies, to designing new types of policy. There will be involvement with all aspects of life office work including making recommendations on strategies for product market penetration, pensions, valuations, statutory returns, and product development.

A great variety of career opportunities are available for men and women who have a keen mathematical mind, and are able to communicate clearly to non-experts. You will need a commercial outlook, and will work regularly with computers to develop models and carry out the multitude of calculations required for effective management and forecasting.

The excellent benefits package includes a subsidised mortgage and in the case of the senior position a company car is provided.

Male or female candidates should submit in confidence a comprehensive CV or telephone for a Personal History Form to M. Stein, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, W1R 6WB, 01-734 6852, quoting Ref. 8023/FT.

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£20,000 - £30,000 + Bonus

Brown Shipley Unit Trust Managers Ltd is a subsidiary of the well-known and highly successful Brown Shipley Group. The Company's expanding portfolio of unit trusts has consistently performed in the upper quartile over the last five years.

As part of its continuing expansion, the Company now wishes to recruit a further three Unit Trust Sales Managers — two of whom will be based in the City covering London and the South East and the third based in and covering the North of England. The Company sells its products mainly through stockbrokers and FIMBRA members.

Applications are invited from candidates aged 27-37 with a minimum of 2 years' proven experience of selling unit trusts in the intermediary market.

The remuneration package will include a competitive basic salary and a range of benefits including a company car. A performance-related bonus scheme could add substantially to total earnings and, where relocation proves necessary, all related expenses will be fully reimbursed. Career prospects are excellent.



Please apply in writing to:  
Head of Group Personnel & Administration,  
THE BROWN SHIPLEY GROUP,  
Founders Court, Lothbury,  
London EC2R 1BE.

### Baltic Unit Trusts

**£50,000 +  
DIRECTORSHIP AND EQUITY**

Baltic Trust Managers Ltd is seeking to recruit Senior Executives in the following key areas:

**INVESTMENT MANAGEMENT**  
with UK, US and other international expertise

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with unit trust expertise

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ideally with unit trust expertise

Substantial salary and capital incentives will be offered to top calibre executives with experience and a successful, demonstrable, record.

Baltic Trust is part of the rapidly expanding New Baltic group, backed by one of Europe's leading insurance and financial service companies controlling assets in excess of £2,000 million. It is a City based unit trust group with advanced plans for offshore funds and other developments.

These positions are among the most challenging to be offered in the City and will provide career satisfaction and the opportunity to help create a dynamic new City institution.

Applications will be treated in strict confidence and should be addressed to:



Peter A Jeffreys, Managing Director,  
Baltic Trust Managers Ltd, 20 Chiswell Street, London EC1Y 4TY.

## Equity Investment Manager

In the past 5 years the assets of the DRG Pension Fund have risen from £120M to £270M, with further significant growth anticipated. The Fund is successfully managed in-house by a small expert team in accordance with strategy determined by the Directors of the Trustee Company. The Fund is entrepreneurially managed and emphasises investment in small companies.

This is a new position which will have prime responsibility for the management of the equity portfolio currently worth £160M. The ideal candidate will have several years' experience in the management of institutional equity portfolios with proven performance.

Salary and benefits will reflect the specialised nature of the work.

Please write with CV including details of current remuneration to:

**J D Maddocks, Staff Manager, DRG plc,  
1 Redcliffe Street, Bristol BS99 7QY.**

**DRG**

DRG is an equal opportunities employer.

## Treasury

International PLC  
(London)  
£29,000 + Volvo

This progressive multi-billion pound international consumer products company has grown rapidly through a series of major acquisitions. This growth has resulted in both a significant increase in the level of corporate debt and a substantial change in the pattern of cash flows. In order to manage the increased scale and complexity of its financing operations, the company is installing new treasury systems and recruiting significant numbers of additional treasury staff.

One position that requires to be filled as soon as possible is that of Assistant Treasurer (Administration),

who will have immediate responsibility for installing and implementing the new treasury system.

Ideally, candidates will be graduate qualified accountants aged 28-32 and be members of the Association of Corporate Treasurers. Experience should include at least 3 years in a treasury environment with a strong systems emphasis, involvement in international treasury operations, and up to date knowledge of leading treasury software packages.

The company is keen to provide opportunities for growth within the organisation and the Assistant

Treasurer's position will, depending on performance, offer an excellent career progression. The successful candidate will be a well-rounded professional who has demonstrated the resilience and flexibility to work in a task oriented, committed environment.

To apply please send a full CV and details of current salary in confidence and quoting reference MCS/1015 to Michael Madgwick  
Executive Selection Division  
Price Waterhouse  
Management Consultants  
No 1 London Bridge  
London SE1 9QL

Price Waterhouse



## MARKETING CONTROLLER

Attractive Package—£40,000+

City

TSB England & Wales plc has gained a commanding position in retail banking, particularly within the personal sector market. This record of success in a highly competitive and dynamic market environment has been achieved through innovative marketing of a wide range of financial services and products.

A Marketing Controller is now sought to manage and direct our established and sophisticated marketing department. Embracing the entire range of marketing operations, the position will include responsibility for the identification and development of new products and services together with essential advertising and promotional support. As a member of the senior management team, the Marketing Controller will have considerable scope in helping to shape the Bank's strategic policy in addition to determining the form and impact of its marketing thrust. It is a position that calls for a rare blend of personal qualities including the ability to envisage medium and long-term consumer demands and the personal leadership

required to drive forward the development and practical implementation of new products. The ideal candidate will be aged 37-45 years, have considerable knowledge of and experience in the financial sector and be able to combine proven creative skills and flair with a high degree of profit orientation.

The compensation package for this senior post is in excess of £40,000, comprising basic remuneration, profit sharing scheme, attractive mortgage subsidy and attendant benefits.

Applicants will be considered alongside internal candidates. For further details of this position, send in complete confidence a full CV, including details of your current remuneration to:

H. B. Nichol, Personnel Controller,  
TSB England & Wales plc,  
Administration Centre,  
100 Lower Thames Street, London EC3R 6AQ  
Closing date for applications is 21st October 1986.



## Fund Management

An Opportunity to Move into the Marketing of Global Fund Management to Top-Quality Institutions

One of the world's most sophisticated capital management companies is seeking an additional professional to expand rapidly growing marketing activities. The Company is a subsidiary of one of the largest international securities houses and manages funds on behalf of a large number of clients in key markets all over the world. Its growth is founded in the quality of its service and performance, its global expertise and its superior research capabilities.

Based in the London office, you will be responsible for the identification and development of new business amongst institutional investors in the UK and Europe, as well as for maintaining and developing

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Candidates must have a business orientated degree and an in-depth understanding of Fund Management gained in either a marketing, analysis or fund management role. Knowledge of the Japanese economy is essential. This is an excellent career move with good advancement potential and an outstanding salary and benefits package.

To apply, please write with CV to  
John Sears, Cavendish Court,  
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Interested applicants should contact Sally Poppleton or Andrew Stewart on 01-404 5751, or write to them enclosing a comprehensive curriculum vitae at 39-41 Parker Street, London WC2B 5LH.



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## HEAD OF POLICY UNIT

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- Leading the Unit and organising its work.

Candidates will have a deep interest in public affairs and a good understanding of economics at both national and enterprise level. They will be at ease on a public platform and be able to articulate their ideas clearly and simply, both orally and in writing. They will probably be between 30 and 35, although age is less important than energy, intellect and the ability to lead a team.

Those who wish to be considered are asked to write, enclosing a curriculum vitae, to:  
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IOD  
Institute of Directors

## HEAD OF FINANCIAL INFORMATION AND PLANNING

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Applicants will also need to display a sound commercial acumen, interpersonal and communication skills combined with flair and proven creative ability.

A remuneration package will be provided commensurate with the seniority of this position.

Please send curriculum vitae marked confidential to:- Andrew McIntosh, Group Personnel Advisor, The Morgan Crucible Company plc, Charlott House, Victoria Street, Windsor Berks, SL4 1EP. Tel: 0753 850331.

Morgan

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The Company is a statutory water supply to 4 million domestic consumers and industrial and commercial customers in north west London and south west Hertfordshire. It is based at Watford with a workforce of some 340.

It is expected that the successful candidate will be between the ages of 40 and 50 at the time of appointment. A professional qualification in a discipline appropriate to the Water Supply industry is essential. Experience in that industry will be an advantage but most important will be proven experience of successful

management at top or very senior level in a multi-disciplinary organisation with increasing involvement of new technology.

The Company has undergone major organisational change over the past three years in its continuing desire to improve its efficiency and service to the public. The person appointed to this post will be expected to head and develop the new organisation to these ends.

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More particulars of the Company and the appointment may be obtained by telephoning Watford (STD code 0823) 23333 ext 232 or ext 201. Written applications with full Curriculum Vitae in support to include details of two referees to be sent in envelope endorsed 'Privats - Appointment of General Manager' to W A Cosgrove, LL.B., Solicitor, General Manager, to arrive not later than 24th October, 1986.

The Colne Valley Water Company

Head Office, Millers Road, Watford, Hertfordshire WD2 2YU

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# NMB BANK

## Credit Analyst

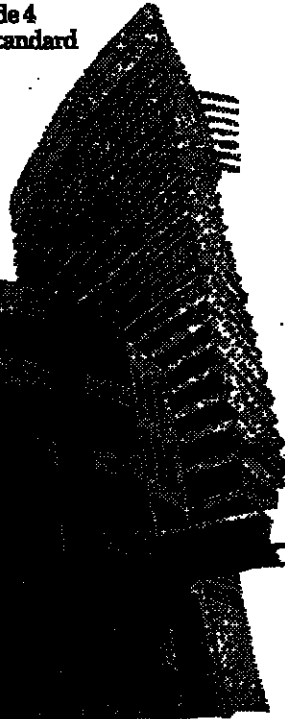
London

The continuing expansion of NMB's established London Branch means that we are looking for a *Credit Analyst*, with a keen sense of humour, to join our existing team to work on all our lending propositions which would include spreading balance sheets, P&L Accounts, full written analysis of financial information and making the appropriate approval recommendations.

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Please forward your full curriculum vitae to:  
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N.M. Rothschild & Sons Limited  
New Court  
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London EC4P 4DU.



**N.M. Rothschild & Sons Limited**

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Please forward your CV and accompanying letter to:  
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An attractive compensation package is offered.

To apply please write in complete confidence to the Company's adviser on this appointment: **John Sears, Cavendish Court, 11/15 Wigmore Street, London W1H 9LB, or telephone 01-629 3532.**



**John Sears**


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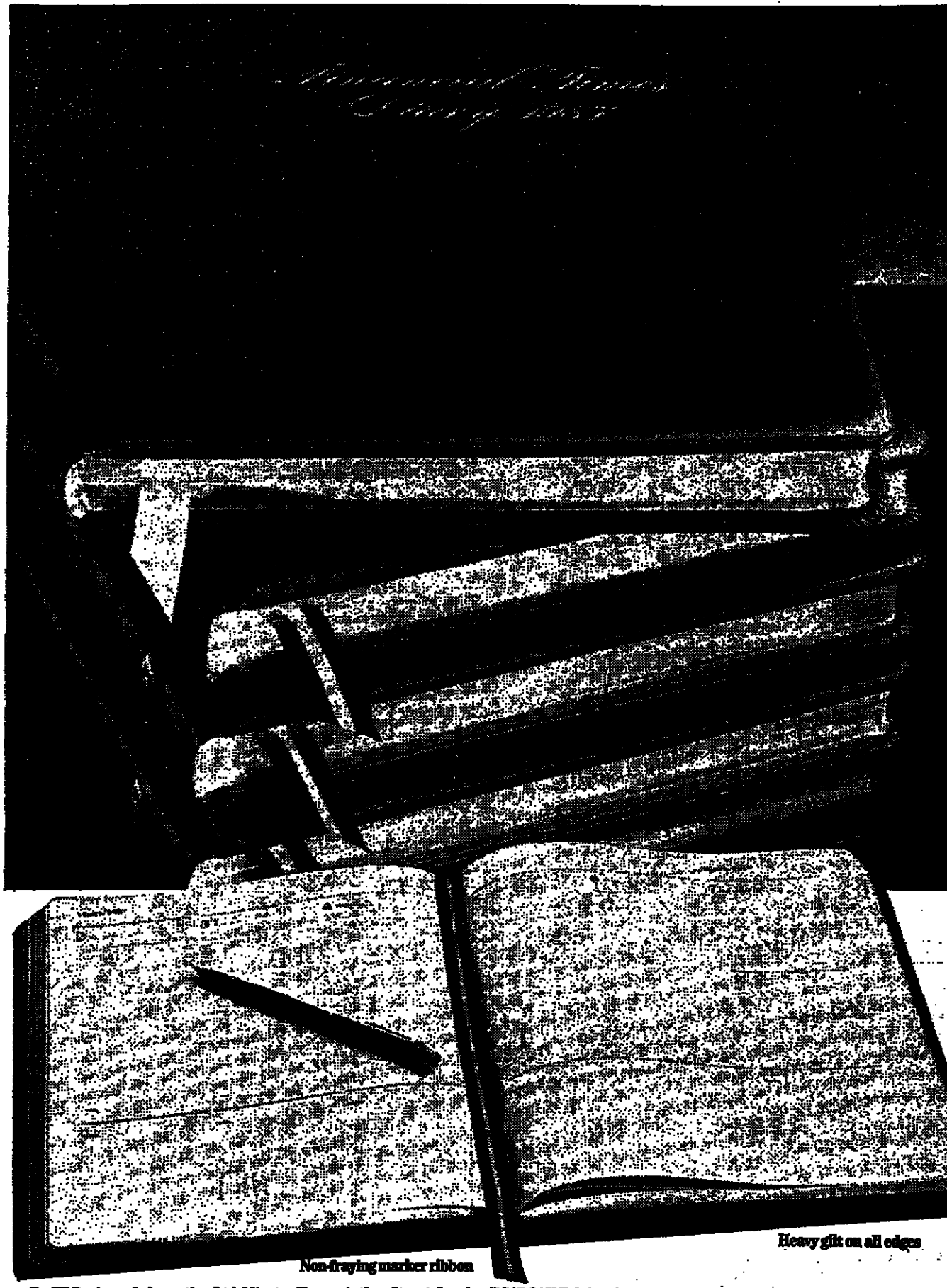
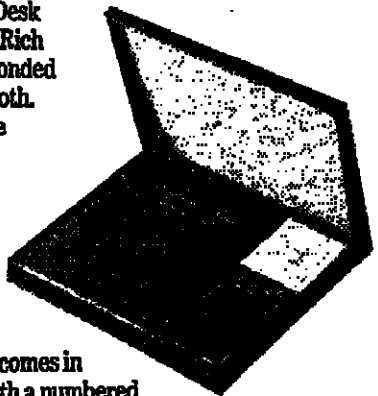
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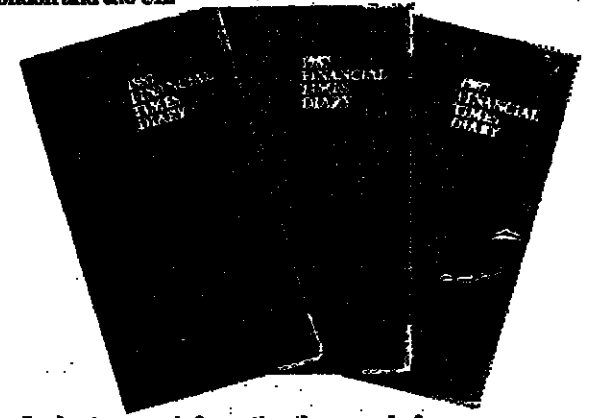
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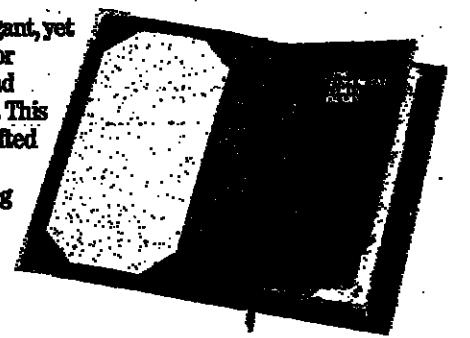


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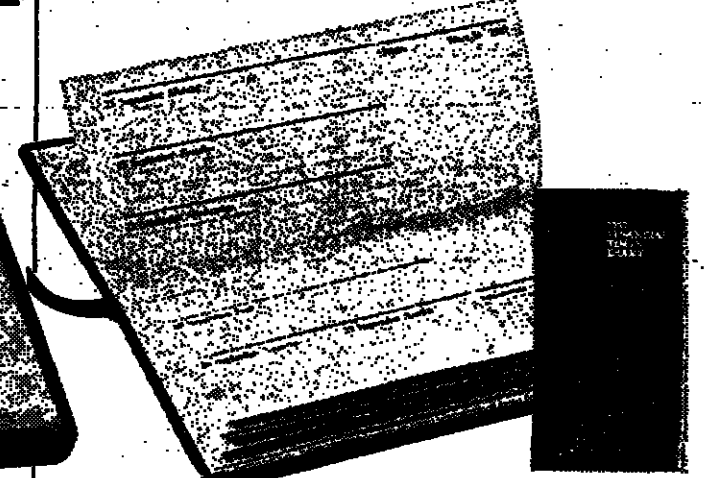
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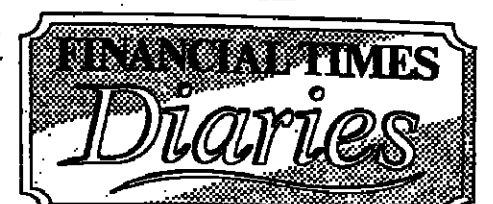
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SECTION II - COMPANIES AND MARKETS  
FINANCIAL TIMES

Wednesday September 24 1986

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Oil and Gas  
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Ryan Homes  
faces \$292m  
bid offer

BY ANATOLE KALETSKY IN NEW YORK  
N. V. HOMES, a small housebuilding company operating in the Washington DC area yesterday launched a takeover bid worth \$292m for Ryan Homes, a much larger US housebuilding concern.  
Although Ryan refused to comment on the \$45 a share offer, the stockmarket interpreted NV's move as only an opening shot in a potential bidding contest and marked up Ryan's shares from \$45 to \$50 1/4 in heavy trading.  
NV's shares, which are quoted on the American Stock Exchange, also jumped by 20% to \$15. However, NV's offer was hedged about with several conditions which cast some doubt on its bid.  
NV is a much smaller company than Ryan. In 1985 it sold only 785

General Electric  
launches  
new unit

By David Thomas in London  
GENERAL ELECTRIC of the US has created a new information and communications unit which, on last year's figures, would have had sales of \$1.5bn.  
The unit arises from the merging of several GE divisions with divisions of RCA, which GE took over earlier this year. It will offer both information services and access to physical networks, such as satellite links.  
The main companies in the new unit will be Geisec, GE's information services subsidiary, which claims to operate the world's largest commercial network, and RCA American and Globecom which operate satellite-based services respectively in the US and the rest of the world.  
Mr Anthony Craig, new president of Geisec, said yesterday that the combination of Geisec's private networking activities in 35 countries and Globecom's agreement with most telephone authorities would leave the new business better placed to compete in the US, Japan and the UK.  
Geisec's UK subsidiary yesterday announced the extension of its Motornet network for the electronic interchange of business information in the motor industry outside the UK.  
In future, members of Motornet, which is run under the sponsorship of the Society of Motor Manufacturers and Traders, the UK trade association for the motor industry, will be able to communicate electronically with motor companies in Europe, and ultimately in the US and Japan too.  
Geisec said that the Motornet network allowed motor companies to order components much more efficiently.

Alusuisse forecasts gradual recovery

BY JOHN WICKS IN ZURICH  
ALUSUISSE group would take about three years to "work its way out of the present crisis," according to Dr Hans Jucker, chief executive officer of the parent company, Swiss Aluminium.  
Dr Jucker said Alusuisse expected a return to operational profits next year. But he warned that no "structural" and "financial" turnaround was imminent and that it would take until 1989 to return to net profits.  
Last year the group lost Sfr 622.3m (\$422.6m). It expects a substantial, though smaller, deficit in 1986. Extraordinary depreciation, which amounted to Sfr 231m in 1985, will be required again this year.  
Debts would be reduced by about Sfr 1bn in the coming months, bringing net debt servicing down to about Sfr 200m to Sfr 230m a year.  
Dr Jucker attributed the continuing difficulties to the fact that "the aluminium price is in the basement and there are no signs of an upturn." Alusuisse was also suffering from the weakness of the dollar and other currencies.  
The group recently announced plans to sell off the Chicago car parts subsidiary Maremont and the US aluminium company Ormet. It also plans to close down half the smelting capacity at the Chippis works in Switzerland.  
Mr Hermann Haerri, member of the executive committee, said negotiations for the sale of the 50-per cent stake in the Italian company Sava Alluminio Veneto should be completed before the end of the year.  
Elsewhere, the last production unit at the Consolidated Aluminium plant in New Johnsonville, Tennessee, is to close at the end of this year, while a pressing plant at Madison, Illinois, is to be divested.  
Dr Jucker said Alusuisse would no longer be among the world's leading producers of primary aluminium. The group would concentrate on more sophisticated operations, whereby "problem solving and customer-oriented production" would gradually replace standard items.  
Executive-committee member Dr Theodor Tschopp said that as from the beginning of next year, Alusuisse would produce primary aluminium only in Europe, with an installed annual capacity of about 410,000 tonnes. This is to be reduced by about 30 per cent in the next three years.  
Dr Jucker said Alusuisse would continue with new investments, particularly in chemicals and "attractive market segments of the aluminium sector."  
These included capacity expansions for composites in Germany, aluminium castings in Switzerland and "Forex" foam panels in Switzerland and the US. New plants were being built for metal cans in France, ceramic filters in Switzerland and "Sintres" foam in Switzerland.  
Although work was in progress to expand American output of such items as special chemicals and composites, Dr Jucker said that Alusuisse had now given up its earlier goal of reaching a 50 per cent US share of group turnover.

BCI lifts earnings  
42% in first half

BY ALAN FRIEDMAN IN MILAN  
NET PROFITS rose 42 per cent in the first six months of the year at Banca Commerciale Italiana (BCI) to 1,647.7bn (\$46.8m), the bank announced yesterday.  
The bank, which is controlled by the IRI state holding group, made a 1,401.8bn net profit for the whole of last year.  
The gross operating profit in the first half of 1986 was 43 per cent higher at 1,402.8bn. This level, the bank explained, was reached despite lower interest rates on loans, as a result of an increase in funds under management and a reduction in operating costs.  
BCI said it set aside 1,336.1bn in provisions and transfers to reserves during the first half of this year 43 per cent more than in the equivalent period of 1985.  
BCI also announced plans to open new representative offices in Amsterdam and Shanghai. The bank at present has 19 such offices and has announced plans to open three more in Lisbon, Munich and Bombay. In Italy the network consists of 47 branches and 12 overseas branches. The BCI workforce includes 18,865 people in Italy and 618 abroad.  
BCI sells US unit, Page 22

Western Pacific  
receives  
rival bid

By Our Financial Staff  
A RIVAL bid emerged yesterday for Western Pacific Industries, the US producers of coupling devices and fasteners which last week signed a letter of intent to go private in a deal valued at about \$360m.  
That deal, with Gibbons, Green, von Ammon, involved an offer of \$155 a share for Western Pacific's stock. However, yesterday Western said that Danaher Corporation, a West Palm Beach, Florida group, had advised that it was prepared to acquire the company for not less than \$165 per share in cash.  
Danaher has requested a meeting with Western's management and an opportunity to review non-public and other information relating to the company. Western Pacific said its management would evaluate the proposal. The company's shares were trading at around \$162 before the rival bid emerged.  
Cummins Engine, the major US diesel engine producer, is offering an early retirement incentive programme for most of its 13,500 US employees. It said 2,300 would be eligible.  
Costs for the programme would be recorded in the third quarter.  
First Chicago, the big US bank holding company, said 350 employees would be eliminated company-wide by year-end from streamlining many banking areas.  
The bank said the corporate workforce would be 13,650 at year-end, down from 14,300 at January 1 of this year. The cuts, which have already begun, result from a reorganisation of the company begun earlier this year.  
Tenneco, the US farm equipment group, has started a \$15.5m tender offer for all 4.4m shares of Steiger Tractor, the struggling manufacturer of large four-wheel-drive tractors.  
Tenneco said the Steiger board had unanimously approved the \$2.50 per share offer, which is subject to receipt of at least 2,919,719 shares, or 67 per cent of Steiger stock, and to approval by Steiger shareholders. Steiger filed for protection under Chapter 11 of the US Bankruptcy Code earlier this year.

S-E Banken profits up 98%

BY SARA WEBB IN STOCKHOLM  
SKANDINAVISKA Enskilda Banken, the leading Swedish bank, increased its operating profits for the first eight months of the year by 98 per cent, boosted by falling interest rates.  
The bank is forecasting better results for the whole year, after a couple of years of stagnating profits.  
Operating profits totalled SKr 2,742bn (\$397m), a sharp increase of SKr 1,368bn on the corresponding period last year.  
Net interest earnings increased 40 per cent to SKr 2,539bn, despite a fall of 7 per cent in volume, while commission and other earnings rose 36 per cent to SKr 3,127bn.  
Göteborgsbanken, the fourth largest Swedish commercial bank, reported a strong increase in operating profits for the first eight months this year, a tribute to falling interest rates and increasing volume of out-

Poclair suffers  
net deficit of  
FFr 100.2m

By David Marsh in Paris  
POCLAIR, the loss-making French hydraulic excavator group, suffered an increased group net deficit of FFr 100.2m (\$15m) in the first half of 1986 compared with FFr 39.6m in the first half last year.  
The worsening losses were caused by falling margins in the US and Britain resulting from the drop in the dollar and sterling, as well as a large cut in sales to the Middle East and Africa.  
Poclair said technical difficulties surrounding the industrialisation of its new 61 excavator boosted stocks and financial expenses in the first half.  
Poclair net sales in the first half rose to FFr 1,598m from FFr 1,552m. The figures include the losses of its 80 per cent owned subsidiary PFM, which Poclair said continued to face a very depressed international market.  
The new 61 excavator, a 12.5 tonne model which cost between FFr 60m and FFr 70m to develop, has been delivered to the tune of more than 500 machines. Poclair said its investigation during the summer confirmed the confidence which users have in the excavator.

Pharmacia in US sales deal

BY SARA WEBB IN STOCKHOLM  
PHARMACIA, the Swedish pharmaceutical and biotechnology group, and Electro-Neuroscience, the US biomedical company, have signed a contract which gives Pharmacia a stake in the US group, which in turn will have exclusive US distribution rights to certain Pharmacia products.  
Under the contract, Pharmacia acquired 6.1 per cent of Electro's shares, but has increased its stake to 10 per cent by buying on the open market. Pharmacia is negotiating for a larger stake in Electro.  
Electro has bought exclusive US distribution rights to Pharmacia's allergy and diagnostic lines, paying \$2m in part exchange for the 6.1 per cent shareholding. Electro said it would make \$10m to \$12m in the current tax year in revenue from Pharmacia products.  
Electro sells diagnostic tests for infectious diseases and clinical chemistry systems to hospitals, clinics and blood banks in the US. The two companies plan to begin joint research for new immunodiagnostic products.  
"Pharmacia's perceived weakness was in the instrumentation or equipment field, which is what we do," said a spokesman for Pharmacia.  
The deal is intended to broaden Pharmacia's marketing base in the US, and its present sales staff will join forces with Electro's sales teams.  
Pharmacia's sales totalled SKr 3.6bn (\$483m) last year, of which about 36 per cent, or SKr 1.2bn, were in the US, their biggest market. Sales for the diagnostics divisions were SKr 705m in 1985.

BHF raises earnings by 28%

BY JONATHAN CARR IN FRANKFURT  
BERLINER Handels- und Frankfurter Bank (BHF-Bank), the West German merchant and commercial bank, raised partial operating profit by 28 per cent to DM 11.8m (\$77m) in the first eight months of this year.  
Full operating profit, which includes the results of own-account trading, increased still more strongly - but the bank declined to say by how much.  
The results are the latest evidence that the German banks are heading for a year of record earnings and that many of them may again increase their dividends.  
BHF Bank raised its payout for last year to 24 per cent from 21 per cent a year earlier.  
Mr Klaus Subjetzki, one of the managing partners, said interest profits were up in the first eight months by 8 per cent thanks not least to an interest margin slightly above last year's level and an increase in business volume.  
Mr Subjetzki added that commission earnings had soared by 36 per cent thanks to buoyant securities and issuing business. As a result these earnings had risen to a level more than 80 per cent that of profits from interest business, underlining BHF's success in boosting its merchant banking activities in particular.  
The bank already has securities offshoots in Switzerland, New York, Singapore and London and is negotiating to set up in Japan too. At end-August it had total assets of DM 13bn and about 2,300 employees.

Thomson director to head Valeo

BY PAUL BETTS IN PARIS  
MR NOEL GOUTARD, managing director of Thomson, the French nationalised electronics and defence group, will become the new chairman of Valeo, the leading French car components group now under the management control of Mr Carlo de Benedetti.  
Mr Goutard, who up to now has been number two in the Thomson hierarchy behind Mr Alain Gomez, the Thomson chairman, will take over at the head of Valeo from the beginning of next year when Mr Andre Boisson, the current Valeo chairman, retires.  
Mr de Benedetti acquired almost 20 per cent of Valeo earlier this year in a controversial transaction at one stage opposed by the two large French car groups, Renault and Peugeot, and blocked temporarily by the French Government.  
The acquisition of the Valeo stake and management control of the car components group is part of a major effort by the Olivetti chairman to step up his presence on the French market. Mr de Benedetti is also actively looking for other acquisition opportunities on the French market, especially in the food sector.  
Mr de Benedetti had indicated that a leading French manager would be selected as his candidate to head Valeo which the Italian entrepreneur wants to develop as the focal point of a major new European car components group to compete with Bosch of West Germany.  
Mr Goutard became Thomson's managing director in 1983 after the nationalisation of the defence and electronics group. He had previously been assistant managing director of the Chargeurs transport group.

L'Air Liquide buys  
Preussag gas unit

L'AIR LIQUIDE, the French industrial gases group, said it had acquired the carbon dioxide gases interests of West Germany's Preussag group for an unspecified amount.  
L'Air Liquide said the acquisition had been approved by the West German authorities and mainly covered Argelia, West Germany's second largest supplier of carbon dioxide gases, with an annual turnover of about DM 50m (\$24.6m).

Compact disc software launched

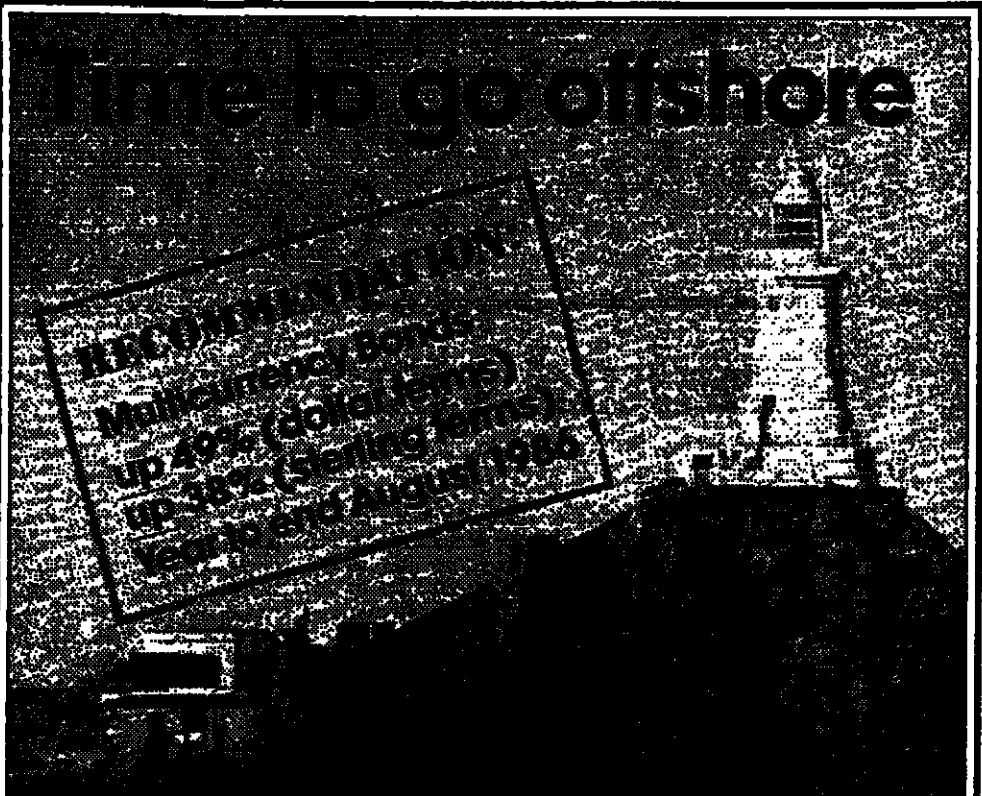
LOTUS Development, the Massachusetts software group, is to start selling financial information on compact discs, making it the first major software company to enter the emerging market, AP-DJ reports.  
Compact discs are mostly used for playing music. But recently, they have attracted attention as devices for storing computer information.  
Lotus, the biggest independent software concern, said its new one source product would include as many as eight data bases of information about stocks and bonds. It said users would be able to recall 20 years of price information about stocks and will have access to other services.  
Depending on the number of data bases a user wants, Lotus said, it will charge from \$1,500 to \$27,000 a year. It plans to mail updated discs to subscribers weekly.  
Mr Larry V. Moore, president of Lotus's information services division, said Lotus expected to sell the service to banks, money management companies, investment houses and large corporations.

Dominion Textile seeks US acquisition

BY ROBERT GIBBENS IN MONTREAL  
DOMINION Textile, Canada's largest textile group, is again looking for an acquisition in the US following its failure earlier this year to win Avondale Mills, an Alabama maker of denim and yarn, with a US\$104m cash bid. The company now has US\$150m available for acquisitions.  
Mr Thomas Bell, the president, said the denim market was strong everywhere, and the Avondale deal was designed to strengthen Dominion's position in that field. But Dominion must expand further in the US and Europe because of saturation in the Canadian market.  
Domestic operations have stabilised after another round of rationalisation to meet increased garment imports from Asian countries.  
For the year ending June 30, Dominion had operating net profit of C\$11.1m (US\$8m) or 35 cents a share on sales of C\$292m. Results in the first quarter of fiscal 1987 will be positive, against a loss a year earlier, and for all fiscal 1987 profit should be higher than fiscal 1986.  
Casadeas, fast-growing paper products group which owns two packaging plants in France, is making a C\$246m offer for 55 per cent of Donohue, Quebec city-based newspaper, market pulp and lumber producer. The offer is equal to almost C\$30 a share.  
The 55 per cent interest is held by an industrial holding company owned by the Quebec Government and it is being put on the block as part of Quebec's privatisation policy. The offer is not being extended to minority shareholders of Dominion, one of the most profitable forest products groups in Eastern Canada.  
Earlier, the Government turned down C\$200m on offer for the Dominion control block. Analysts believe other offers may be forthcoming.  
Privigo, the major Montreal-based groceries and food retailing group, lifted operating net earnings in the second quarter ended August 9 from C\$16.2m or 40 cents a share to C\$17.5m or 41 cents, taking the six-month total to C\$27.3m or 68 cents, against C\$26.5m, also equivalent to 68 cents.  
Figures for this year exclude a net gain of C\$7.2m from the sale of an investment in Montreal City and District Savings Bank, offset by a C\$1.4m loss from abandoned California retail operations of a Provigo subsidiary.  
The Canadian metals producer Inco plans to spend \$40m in the next two years at its Sudbury, Ontario operations to electricity Clean Hill partly to mechanise its copper refinery tankhouse, Beuter reports.  
The company said \$25m would go towards reactivation of Crean Hill as an all-electric underground operation, to improve productivity, safety and costs.

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Hammermill Paper rises in quarter

By Our Financial Staff

HAMMERMILL Paper, the largest US producer of fine writing paper which has agreed to merge with International Paper, achieved a jump in third-quarter operating earnings to \$15.4m, or 86 cents a share, from \$5.6m or 32 cents. This took the nine-month total to \$48.9m or \$2.77, compared with \$24.4m or \$1.53 a year earlier.

The latest three-month profit included a gain of \$3.6m from the sale of Manning Paper division and settlement of an insurance claim. But it was struck before a \$21.3m charge related to defending an unsolicited tender offer and negotiating the merger agreement with International Paper. This left the group showing final loss of \$5.8m.

Sales for the quarter reached \$442.1m, up from \$417m, taking the total so far this year to \$1.36bn against \$1.28bn last time.

BCI pulls out of US retail banking

BY WILLIAM HALL, IN NEW YORK

BANCA Commerciale Italiana (BCI), the second biggest bank in Italy, is pulling out of the US retail banking market and selling its North American Bancorp for \$300m to the 202-year-old Bank of New York.

BCI entered the US retail banking market slightly more than four years ago when it paid \$115m for Lloyds Bancorporation of New York, later renamed North American Bancorporation. It is the parent of Long Island Trust, based in Garden City, New York, which has a network of 43 branches in Nassau and Suffolk counties, two New York City suburbs on neighbouring Long Island.

Although the assets of North

American Bancorporation have risen from about \$1bn to \$1.7bn since BCI acquired the retail bank, it has not been particularly profitable. Last year it earned \$7.1m, slightly less than in 1984. The group's return on assets totalled 0.48 per cent and its return on equity was 7 per cent last year.

BCI gave no explanation yesterday for its decision to pull out of the US retail banking market. However, the move appears to reflect a growing disenchantment among major foreign banks with the profitability of retail banking.

Lloyds Bank, for example, recently sold its Californian retail banking operation to a Japanese bank.

Several other foreign banks are known to be concerned that their relatively small US retail banking operations cannot generate adequate returns in the face of fierce competition from major New York competitors like Citibank.

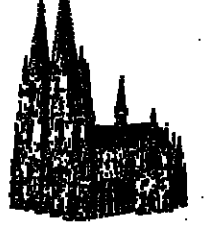
BCI will continue to operate branches in New York, Chicago and Los Angeles and a representative office in Washington.

Despite the lacklustre performance of its US retail banking operation, BCI appears to have made a handsome profit on the sale, which is at nearly three times its book value of \$106m. This is higher than most recent acquisitions.

The acquisition will make the Bank of New York one of the largest banks on Long Island, regarded as one of the faster growing banking markets in the New York area. If the deal is approved by the Federal Reserve, Bank of New York will have the third largest branch network in Nassau and Suffolk counties and will make it the largest suburban bank in the metropolitan New York area with 178 branches.

Mr J. Carter Becht, chief executive of Bank of New York, said the acquisition reflected the bank's strategy of focusing its brand banking activities on the suburban areas of New York City.

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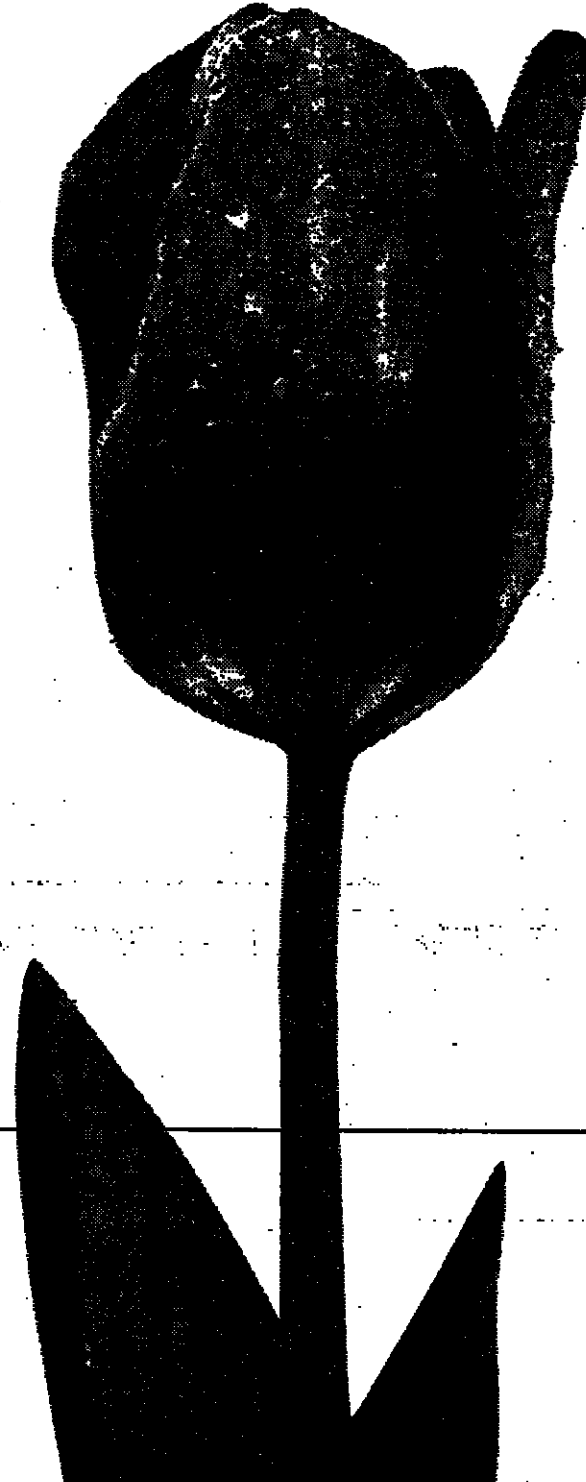


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September 24, 1986, London  
By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

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September 24, 1986, London  
By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

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US \$30,000,000

Guaranteed Floating Rate Notes due 1992

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from 24th September, 1986 to 24th March, 1987 has been established at 6 1/4% per cent. per annum.

The interest payment date will be 24th March, 1987. Payment which will amount to US \$160.26 per Note, will be made against the relative coupon.

Agent Bank  
Bank of America International Limited

U.S. \$150,000,000

**BANQUE INDOSUEZ**

Floating Rate Notes Due 1999

Interest Rate	6 3/4% per annum
Interest Period	24th September 1986 24th March 1987
Interest Amount per U.S. \$10,000 Note due 24th March 1987	U.S. \$320.52

Credit Suisse First Boston Limited  
Agent Bank



# INTERNATIONAL COMPANIES and FINANCE

## BHP chief forecasts lower earnings

**BROKEN HILL** Proprietary would find it hard to equal its record 1985-86 net profits of A\$888.2m (US\$425.4m) in the current year ending May 31, Mr James Balderstone, the chairman, said, reports Reuter from Melbourne.

First-quarter net earnings fell to A\$176.7m from A\$298.7m a year earlier, largely because of a sharp fall in oil earnings. However, the group looked forward to better results in subsequent quarters.

"It is unreasonable to expect the company will repeat the growth of last year," Mr Balderstone said. "Rather, we see a pause in the pattern of growth achieved since 1983. But we believe it will be a pause only."

In the longer term, BHP looked to the fruition of its re-investment in steel, the start of North West Shelf liquefied natural gas production, increased oil output from the Timor Sea and extensions at the Mt Newman iron ore and Goolery coal operations.

The reasons behind the forecast of a pause in profit growth include weak commodity prices and a slowing of economic growth in Japan, BHP's largest customer.

Mr Balderstone said Bass Strait oil sales were now over 400,000 barrels per day, following the Government's crude oil cuts, after falling to 282,000 b/d in June-July from 455,000 in 1985-86.

## Indonesians face interest rate rise after devaluation

BY JOHN MURRAY BROWN IN JAKARTA

**BANKS IN** Indonesia are likely to raise interest rates to cover a forecast increase in private sector provisions for bad debt following the recent 45 per cent devaluation of the rupiah. Twelve-month deposits currently earn between 14 and 17 per cent, while prime rates are as high as 24 per cent.

Particularly vulnerable to the devaluation are foreign joint ventures and large domestic industrial groups, like car manufacturers, which are capital intensive and rely heavily on imported raw materials and parts.

Such companies have tended to use offshore loans as a source of working capital, a practice which one Western banker described as "a form of

arbitrage." The high gearing, the ratio between debt and equity, has been a feature of Indonesia's private sector.

Last week's devaluation will result in sharp increases in debt-servicing costs and also in principal amounts. Private sector debt currently stands at \$7.4bn, according to figures from the Bank for International Settlements (BIS), while total foreign debt, public and private, is at \$29.3bn. Private sector interest repayments in 1985 were \$276m.

The Central Bank recently delivered another blow to the private sector, when announcing that exchange losses incurred at the last devaluation in 1983, until now treated as "paper losses," had to be amortised this year. Corporate profits are

also expected to be hit by wage increases.

Mr Sudhomo, the Manpower Minister, yesterday called on employers to match wages to price increases. Bankers are expecting double figure inflation up from the present 3 per cent.

The decision to devalue aimed to reduce a huge public deficit on the current account set to reach \$6bn by the year-end, according to usually conservative official estimates. This resulted from sharp falls in the price of oil, which historically accounts for 70 per cent of Indonesia's official export earnings and 60 per cent of state budget revenues. The devaluation is also expected to give a boost to non-oil exports, such as palm oil, rubber, plywood and tin.

## Burns, Philp sees boost from US acquisitions

**BURNS, PHILP**, the Australian food and trading group, expects to boost sales and profits in its current business year after including recently acquired North American subsidiaries in its results, Mr Andrew Turnbull, chief executive, said yesterday, reports Reuter from Sydney.

The group earlier reported a rise in equity-accounted net profits to A\$44.15m (US\$25m) in the year ended June 30, from A\$34.46m in 1985-85.

"Expansion overseas is providing the desired result and very profitable growth," Mr Turnbull said. "Our Australian operations are improving with the effects of rationalisation."

Mr Turnbull said the Fleischmann yeast and vinegar brands, acquired in July from ERM Nabisco, are expected to add about A\$120m to group sales in 1986-87.

Results had been very satisfactory since the acquisition and Burns, Philp should increase its yeast and vinegar market share in North America, he said.

Reviewing 1985-86, Mr Turnbull said over 50 per cent of net profits came from foreign operations, particularly in the US and the UK, and this percentage would increase in 1986-87.

The food, hardware and shipping operations significantly improved.

Turning to its traditional Pacific Island trading business, Mr Turnbull said Burns, Philp (PNG) recorded another increased profit after losses two years ago.

Tonga, Samoa and Niue made record profits but Fiji showed a poor performance. The company planned to introduce management systems applied in Papua New Guinea to other major Pacific operations.

The fall in group sales to A\$1.16bn from A\$1.3bn reflected the sale of two subsidiaries, he said.

Per share earnings rose to 61.9 cents from 51.2 cents. A maintained final dividend of 10 cents made the payout for the year 20 cents, against 19 cents last time.

The net was after tax of A\$11m against A\$6.6m, net interest of A\$18m compared with A\$19m, depreciation of A\$14.2m against A\$13.5m and minorities of A\$4.5m.

## Elders Resources out of red

BY OUR FINANCIAL STAFF

**ELDERS RESOURCES** of Australia has climbed out of the red for the year to June and says further progress will be made during the current 12 months.

The company, which is 48 per cent owned by Elders IXL, the brewing and industrial group, has made a net profit of A\$4.5m (US\$2.9m), against a loss a year ago of A\$915,000.

It plans a one-for-five scrip issue.

Despite the return to profits, Elders Resources says it will again not pay a dividend. The company wants to concentrate cash resources on rebuilding its assets base.

Elders Resources said reasons for predicting a profit increase in the current year include

attainment of full production of 60,000 ounces of gold a year from its Red Dome project in Queensland.

It also expects full-year profits from its resource finance division with the expansion of activities into North America and further growth of activity in the marketing division, particularly in oil, minerals and chemicals.

## Riyad Bank suffers 40% decline in first quarter

BY FINN BARRE IN RIYADH

**RIYAD BANK**, Saudi Arabia's second-largest bank, has reported a decline of 40.1 per cent in profits for the first quarter of its financial year, which began in March of 1986, according to unaudited results.

The bank reported a profit of SR48.2m (US\$2.8m) for its first quarter, down from SR81.5m a year earlier. The bank reported a profit of SR189.4m during the year to March 10, 1986.

Assets in the first quarter went down from SR33.5bn to SR31.0bn. Letters of credit, guarantees, and other obligations dropped from SR31.05bn to SR27.36bn. Loans and advances declined slightly from SR10.96bn to SR10.64bn, and

deposits dropped from SR27.21bn on March 10, to SR25.19bn.

United Saudi Commercial Bank reports an improvement in its business, although losses continued for the first six months of 1986. The bank, in its unaudited balance sheet, said losses declined by 55.3 per cent to SR 5.87m (US\$36m) from SR 13.06m.

Much of the improvement was due to cost containment efforts, according to Mr Neville Green, USCB's new general manager. Operating expenses dropped 11.5 per cent to SR 55.86m. At the same time, net operating income rose 14.9 per cent to SR 69m.

## Kansai Paint enters the Indian market

BY R. C. MURPHY IN BOMBAY

**COOKSON** of the UK has sold 26 per cent of its equity stake in Goodlass Nerolac Paints, India's second largest paint company, to Kansai Paint, marking Japan's entry into the Indian paint industry. The sale by Cookson, which holds 39.5 per cent of Goodlass, is part of a worldwide strategy of the

British company to vacate the area.


Kansai has acquired 842,000 equity shares of Rs 10 each at Rs 45 per share. Kansai has been interested to increase its involvement in India since several Japanese motor manufacturers entered into collaboration deals with Indian

companies to build vehicles locally.

Sales of Goodlass Nerolac rose 20 per cent to Rs 695.23m (US\$46m) in the year to June 1985 and made a net profit of Rs 9.71m. The company paid a dividend of 20 per cent for that year.

All these securities having been sold, this announcement appears in a matter of record only.

New Issue September 1986



**SAKAI CHEMICAL INDUSTRY CO., LTD.**  
(Sakai Kagaku Kogyo Kabushiki Kaisha)  
(Incorporated with limited liability in Japan)

**U.S.\$35,000,000**

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*Unconditionally guaranteed as to payment of principal and interest by*


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NOTICE OF PREPAYMENT



**THE BANK OF YOKOHAMA LIMITED**  
(Incorporated in Japan with Limited Liability)

**U.S.\$10,000,000**

Floating Rate Certificate of Deposit  
No. FRER 010167-010176 issued on 29th October 1982 Maturity 30th October 1987 Callable in October 1986 Prepayment date 31st October 1986

AND

**U.S.\$10,000,000**

Floating Rate Certificate of Deposit  
No. FRER 010177-010186 issued on 18th November 1982 Maturity 20th November 1987 Callable in November 1986 Prepayment date 20th November 1986

Notice is hereby given in accordance with Clause 5 of the Certificate of Deposit (the "Certificates") that pursuant to Clause 3 of the Certificates The Bank of Yokohama, Limited will prepay all the outstanding Certificates on the respective prepayment dates indicated above at their principal amount.

Payment of the principal amount together with accrued interest to the prepayment date, will be made on the prepayment date against presentation and surrender of the Certificates at the London Branch of the Bank of Yokohama, Limited, 40 Basinghall Street, London EC2V 5DE.

Interest will cease to accrue on the Certificates on the prepayment date.

By: Swiss Bank Corporation International Ltd.

**US \$188,100,000**

**Banco Internacional S.N.C.**

Floating Rate Notes Due 1991

In accordance with the provisions of the Fiscal Agency Agreement between Banco Internacional S.N.C. and First Interstate Capital Markets Limited, dated as of 15th September, 1986 notice is hereby given that the Rate of Interest for the next six month interest period has been fixed at 6 1/4% p.a. and that the interest payable on relative Interest Payment Date, 24th March 1987, in respect of US\$100,000 nominal amount of the Notes will be US\$3,456.60.

Reference Agent

**First Interstate Capital Markets Limited**

24th September, 1986

**IRELAND**

**U.S. \$100,000,000**

Floating Rate Notes Due 1989

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the next six months 24th September, 1986 to 24th March, 1987 has been fixed at 6 1/4% per cent per annum. The Coupon Amount payable on Coupon No. 10 will be US\$3,236.63.

**THE SUMITOMO BANK, LIMITED**

Reference Agent

**BRITANNIA BUILDING SOCIETY**

**£150,000,000**

Floating Rate Notes Due 1996

In accordance with the terms and conditions of the Notes, notice is hereby given that for the four months interest period from (and including) 22nd September, 1986 to (not including) 22nd February, 1987, the Notes will carry a rate of interest of 9.80 per cent per annum. The relevant Interest Payment Date will be 22nd January, 1987. The Coupon Amount per £10,000 will be £327.56, payable against surrender of Coupon No. 1.

**First National Bank Limited**

Agent Bank

This announcement appears as a matter of record only.

**Toshiba International Finance (UK) PLC**

Guaranteed by

**TOSHIBA CORPORATION**

**£50,000,000**

Sterling Commercial Paper Programme

Arranged by

**COUNTY NATWEST CAPITAL MARKETS**

DEALERS

**County NatWest Capital Markets Limited**

**Kleinwort Benson Limited**

**S.G. Warburg & Co. Ltd.**

Issuing and Paying Agent

**National Westminster Bank PLC**

The NatWest Investment Bank Group

September 1986

All of these securities having been sold, this announcement appears solely for purposes of information.

NEW ISSUE September 4, 1986

**5,000,000 Capital Shares**

**5,000,000 Income Shares**

**Global Growth and Income Fund, Inc.**

A Dual-Purpose Investment Company

The First Boston Corporation

A. G. Edwards & Sons, Inc.

The Nikko Securities Co. International Inc.

Bear, Stearns & Co. Inc.	Alex. Brown & Sons Incorporated	Dillon, Read & Co. Inc.	Drexel Burnham Lambert Incorporated	Goldman, Sachs & Co.
Hambrecht & Quist Incorporated	Kidder, Peabody & Co. Incorporated	Lazard Frères & Co.	Merrill Lynch Capital Markets	
Montgomery Securities	Morgan Stanley & Co. Incorporated	PaineWebber Incorporated	Prudential-Bache Securities	
Robertson, Colman & Stephens	L. F. Rothschild, Unterberg, Towbin, Inc.	Smith Barney, Harris Upham & Co. Incorporated		

INTERNATIONAL CAPITAL MARKETS and COMPANIES

Clive Wolman looks at a transatlantic accord on malpractice in the financial markets UK and US sign agreement on fraud

A MEMORANDUM of Understanding which provides for the confidential exchange of information between regulatory authorities to assist their investigations of fraud and malpractice in financial markets has been signed by the UK and US.

The information supplied can return to the requested authority to be used to enforce or secure other laws and regulations.



Mr Paul Channon, Secretary of State for Trade and Industry (left) and Mr John Shad, chairman of the Securities and Exchange Commission

The purpose of the agreement is to allow authorities in one country to pass on to the other country's authorities information which it already has or which it can by its best efforts obtain.

In addition, an authority may pursue enquiries in the other country provided it does so with moderation and restraint.

If the costs of providing or obtaining information are substantial, the host authority may require reimbursement from the requesting authority.

Authorities will normally keep confidential any requests for information made under the Memorandum and any other consultations to the extent permitted by law.

Small rise in dollar bonds on news of US inflation

CAUTION CONTINUED to be the watchword yesterday, as the Eurobond market first waited for the US consumer price index figure and then observed New York's reaction to it.

Some of the bidding was expected to await Tokyo's opening today.

The D-Mark market was up 1/4 point in the afternoon on the back of New York's gains.

Foreign rush for Tokyo listings

FOREIGN COMPANIES are seeking share listings on the Tokyo Stock Exchange in increasing numbers.

At the same time as the number of companies listed has increased, the volume of dealings on the TSE in foreign shares has also expanded.

Trading appears to have been stimulated by the entry of increasingly well-known and liquid multinational stocks.

Sterling CP for Toshiba

TOSHIBA, the electronics group, is the first Japanese borrower to arrange a sterling commercial paper programme.

Montreal bank in London

BANK OF MONTREAL yesterday inaugurated a separately capitalised London subsidiary which will underwrite and distribute Euro-market securities.

First-half downturn at Saipem

SAIPEM, the oil and gas pipeline and drilling subsidiary of Italy's ENI, state-owned oil company, has suffered as a result of the crisis in the world oil sector.

Advertisement for SYDBANK A/S U.S. \$40,000,000 Multicurrency Facility. Includes logos for Chose Investment Bank, Österreichische Volksbanken, Caisse Centrale des Banques Populaires, etc.

Joint venture merchant bank for China

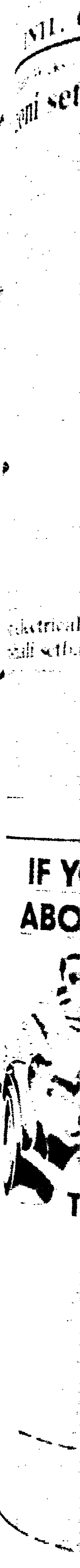
CHINA'S FIRST joint venture merchant bank is due to open this autumn in the Shenzhen special economic zone.

Carr buys into Malaysian firm

W. L. CARR Sons and Co (Overseas) has agreed to acquire a 30 per cent stake in Seagrout and Campbell, a Malaysian stock brokerage firm.

FT INTERNATIONAL BOND SERVICE

Table listing 200 latest international bonds with columns for Issuer, Maturity, Coupon, Yield, and Price. Includes sections for US Dollar, FT International Bond Service, Floating Rate, and Convertible.





INTL. COMPANIES and FINANCE

John Wicks on the Swiss travel group's diversification plans
Kuoni sets up in hotel management

KUONI TRAVEL, a leading international name in the travel agency and tour operator industry, is spreading its wings. A hotel management subsidiary, formed in July, is working on 36 projects as far apart as the Caribbean and East Africa.

Reisebüro Kuoni, the Swiss parent company, goes back to 1908, when Mr. Alfred Kuoni added a travel agency to the family freight group. Today it claims to be the third largest travel organisation in the world with a 1985 turnover of Sfr 1.4bn (\$860m) and operations in 15 countries.

At the same time, international travel is suffering from the effects of terrorist attacks and the foreign exchange situation. Air fares are chaotic, and reservations in any case are being made increasingly through the airlines' own reservation systems.

The British operation remains one of the jewels in the Kuoni crown. The Swiss group moved into England in 1965 by taking over Challis and Benson, the Bond Street travel agency, soon to become the leading tour operator for long-haul holidays in East Africa, the Caribbean and the Far East. In 1974 the company acquired Holidays World Holidays—its major competitor—in Dorchester. Kuoni now runs it as Britain's largest long-distance holiday operator.

The UK subsidiary is a pioneer in the use of chartered Concordes for holiday flights; coming up is a £15,000-plus round holiday by Concordie trip for the particularly well-heeled. It continues to do well for itself. Mr. Bolli expects yet another record earnings figure for this year.

Not all Kuoni's foreign ventures have proved so successful. In the past couple of years the group has pulled out of several branch operations which were not paying. This rationalisation programme has now been completed, and travel agency activities seem set fair to expand again.

At the same time, international travel is suffering from the effects of terrorist attacks and the foreign exchange situation. Air fares are chaotic, and reservations in any case are being made increasingly through the airlines' own reservation systems.



Mr. Jack Bolli: expects satisfactory profits

work of nine travel agencies. And above this, Kuoni began to feel the need for some form of diversification—but only in sectors where the company already had some know-how.

"This could have meant hire-cars, aircraft, shops or hotels," says Mr. Bolli. "Since we had to decide on a priority, hotels seemed the most obvious."

Even before setting up Kuoni Hotel Management, the group had been involved in the business. It has minority stakes in Hotel Nyall Beach and Reef Hotels in Mombasa, while Kuoni (Caribbean Enterprises), the British Virgin Islands holding subsidiary, owns the Discovery Bay on Barbados and the Hawkhill on Antigua.

manager in the family in the person of Mr. Bolli's son Hansruedi, with 20 years in the business.

As general manager of the new subsidiary, Mr. Hansruedi Bolli envisages contracts with between 25 and 30 hotels within the first three years. As yet, Kuoni does not have any immediate plans to buy any hotels other than its two existing Caribbean properties, though it appears an offer is being considered. The general rule will be the management on an individual basis — Mr. Hansruedi Bolli does not want any house-style standardisation — of resort hotels, mostly in the Caribbean and the Mediterranean.

Already, Kuoni Hotel Management has several working contracts. Apart from running the group's own properties in Barbados and Antigua, it manages three country hotels in Switzerland and has a consulting agreement with a fourth, as well as management contracts with several properties elsewhere. These include the Comino in Malta, which is to be expanded; the Hotel Kiris in Antalya, Turkey (Kuoni stake: 10 per cent); the 500-bed Deep Bay on Antigua, due to open in a year's time, and the \$180m Royal Louvet project on St. Lucia for completion in two or three years as the Caribbean's biggest single holiday and leisure centre.

Other contracts, still under consideration, are for resort developments in Greece, the Caribbean, East Africa and the Canary Islands.

The main criterion for Mr. Jack Bolli is that the hotel business should make money. Kuoni-run hotels will not grant special prices to Kuoni Tour operators and will all have to justify themselves as profit centres.

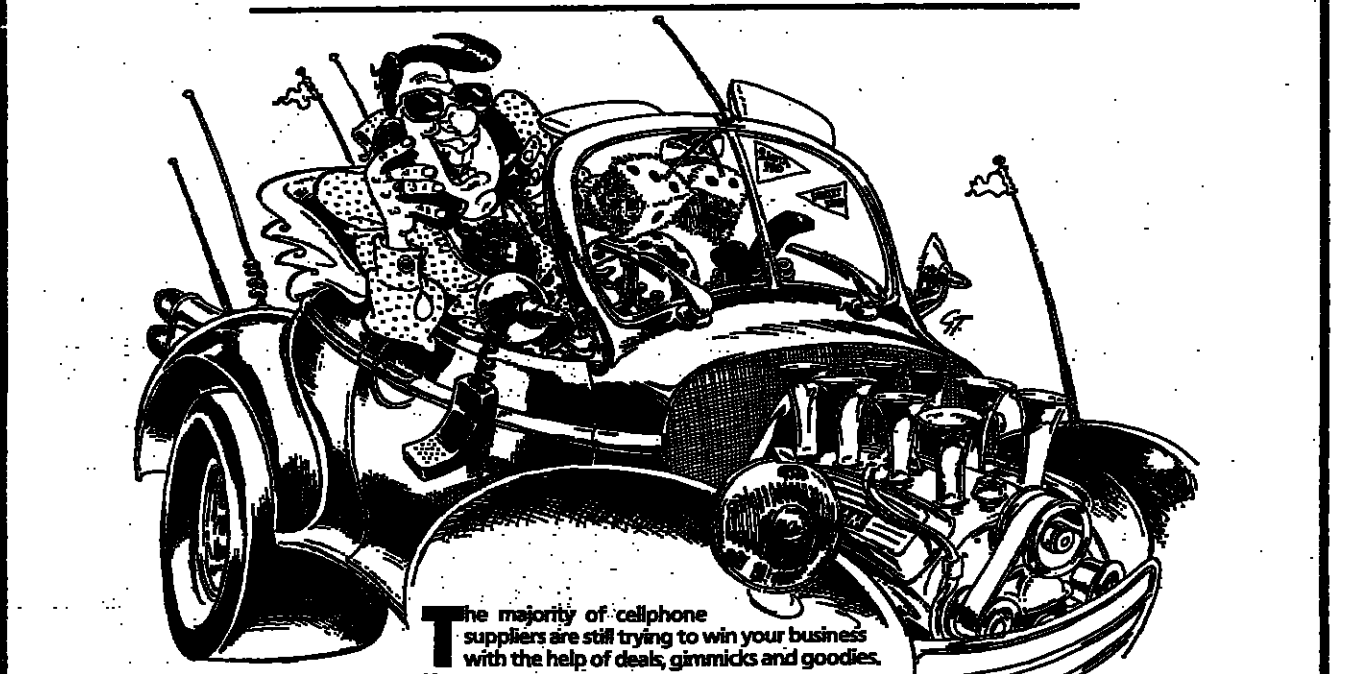
Danish electrical group in first-half setback

GREAT NORTHERN Telegraph reports a drop in first-half profits from Dkr 50m to Dkr 38m (\$6m), despite an increase in extraordinary income from Dkr 55m to Dkr 41m. Turnover rose by 8 per cent to Dkr 1.3bn. The group has sold its Hellese battery sales subsidiaries in the four Nordic countries to Duracell, its American competitor. Hellese will cease production of ordinary batteries at its plants in Denmark, but will continue to produce lithium and alkaline batteries. Hellese has increased its extraordinary income from Dkr 55m to Dkr 41m. Turnover rose by 8 per cent to Dkr 1.3bn.

Kemira earnings decline 7% at six-month stage

KEMIRA, the Finnish fertiliser and chemical industry group, reports half-year profits before appropriations and taxes down 7 per cent at Fm 136m (\$28m). Group turnover for the period increased by 4 per cent to Fm 3.45bn compared with the first six months of 1985. The agricultural division, which accounts for 41 per cent of the group's turnover, suffered most. Its turnover came down by a fifth because of lower fertiliser prices and increased competition in Europe.

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NOTICE OF REDEMPTION To the Holders of

General Mills, Inc. U.S. \$100,000,000 12% Notes, Series A, due December 19, 1991

NOTICE IS HEREBY GIVEN to the holders of the outstanding 12% Notes, Series A, due December 19, 1991 (the "Notes") of General Mills, Inc. (the "Company") that, pursuant to the provisions of Section 7(a) of the Series A Fiscal and Paying Agency Agreement dated as of December 19, 1984 between the Company and Morgan Guaranty Trust Company of New York (the "Fiscal Agent") and Paragraph 4(a) of the Terms and Conditions of the Notes, the Company has elected to redeem on October 15, 1986 U.S. \$23,715,000 principal amount of the Notes (the "Redemption Notes") at a redemption price equal to 101% of the principal amount thereof, together with accrued interest to said date, in the amount of U.S. \$493.33 for each U.S. \$5,000 principal amount and U.S. \$986.67 for each U.S. \$10,000 principal amount as follows:

Table with columns for Outstanding Notes of \$5,000 Each Bearing the Following Distinctive Numbers. Lists serial numbers and corresponding amounts.

OUTSTANDING NOTES OF \$10,000 EACH BEARING THE FOLLOWING DISTINCTIVE NUMBERS:

Table with columns for Outstanding Notes of \$10,000 Each Bearing the Following Distinctive Numbers. Lists serial numbers and corresponding amounts.

Payment will be made, subject to applicable laws and regulations, in U.S. dollars on and after October 15, 1986 upon presentation and surrender of the Redemption Notes with coupons due December 19, 1986 and subsequent coupons attached, failing which, the amount of missing unredeemed interest coupons will be deducted from the sum due for payment and paid in the manner set forth in the Terms and Conditions of the Notes against surrender of the related missing interest coupons within the period of time prescribed by the applicable statute of limitations, at the main office of the Fiscal Agent in London, Brussels, Frankfurt am Main, Paris and Tokyo, the main office of American-Rotterdam Bank N.V. in Amsterdam, the main office of Swiss Bank Corporation in Basle and the main office of Kreditbank S.A. Luxembourg, in Luxembourg. Payments at said offices will be made by a United States dollar check drawn on a bank located in the City of New York, or by transfer to a dollar account maintained by the payee with a bank in London. No payment on any Bearer Note will be made at the Corporate Trust Office of the Fiscal Agent or any other Paying Agency maintained by the Company in the United States nor, except as otherwise permitted by U.S. Treasury Regulations without adverse tax consequences, will any payment be made by transfer to an account maintained by the payee in, or by mail to an address in, the United States.

From and after October 15, 1986, the Redemption Notes will no longer be outstanding and interest thereon shall cease to accrue. U.S. \$1,975,000 principal amount of Notes will remain outstanding after the redemption. It is suggested that each holder consult his own tax advisor concerning his particular tax situation.

Any payments made to an address in the United States, directly or by electronic transfer, may be subject to reporting to the United States Internal Revenue Service ("IRS") and to backup withholding of 20% of the gross proceeds if press not recognized as exempt recipients fail to provide a Paying Agent with an executed IRS Form W-9 in the case of non-U.S. persons or an executed IRS Form W-9 in the case of U.S. persons. Under the Interest and Dividend Tax Compliance Act of 1983, we may be required to withhold 20% of any gross payments made within the United States to certain holders who fail to provide to a Paying Agent listed above, and certify under penalties of perjury, a correct taxpayer identification number (employer identification number or social security number, as appropriate), or an exemption certificate on or before the date the securities are presented for payment. Those holders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who fail to do so may also be subject to a penalty of \$50 imposed by the IRS. Please therefore provide the appropriate certification when presenting your securities for payment.

GENERAL MILLS, INC. DATED: September 16, 1986

EASTMAQUE GOLD MINES LTD. 3,200,000 UNITS AT C\$7.50 PER UNIT TO RAISE C\$24,000,000. Each Unit consists of one Common Share of no par value and one 8 per cent. Cumulative Convertible Preference Share of no par value. Placed by JAMES CAPEL & CO. SEPTEMBER, 1986

FT FINANCIAL TIMES CONFERENCES Electronic Financial Services - The Key to Competitive Advantage 15 & 16 October, 1986. For information please return this advertisement, together with your business card, to: Financial Times Conference Organisation, Minster House, Arthur Street, London EC4R 9AX. Alternatively, telephone 01-621 1355 or telex 27347 FTCONF G fax 01-623 8614



TECHNOLOGY

# 'New papyrus' is set for take off

BY JANE RIPPETEAU

EVER SINCE sales of the compact disc player took off, the high-performance audio system has had a lacklustre cousin: a machine based on the same technology but which stores computer data instead of music.

Called CD ROM, for compact disc read-only memory, the technology is a computer data storage medium so powerful that industry leaders have called it—in the title of a recent book—"The New Papyrus." In one application, a 50-volume encyclopedia is held on a single disc, just 5 1/4 inches across and weighing less than an ounce. With some 600 megabytes of capacity, the technology offers a thousand times the storage of today's floppy disc.

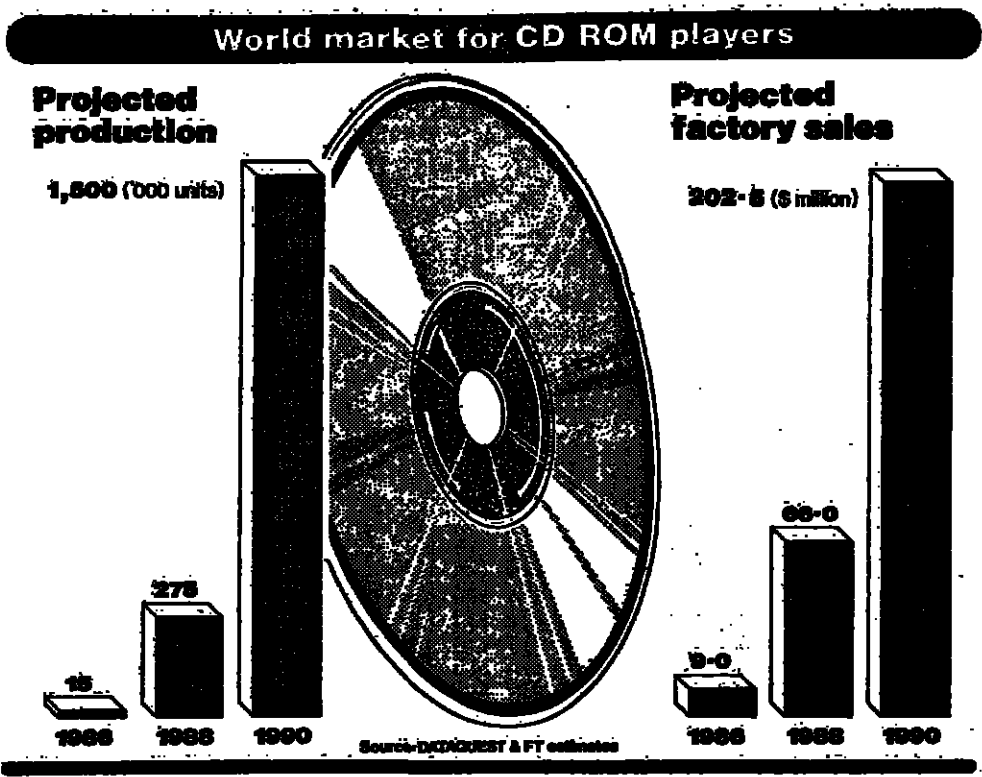
So far, the promising technology has been hamstrung by cost, a lack of standards and market misconceptions. Hardware retailing at some \$1,000 per player discouraged sales, while the limited population of machines left software producers with little incentive to produce discs.

But now, CD ROM may be ready to move up-market in a big way.

Last week, in what industry executives say is a major boost, Microsoft Corp. of Seattle, said it would develop an extension to its widely-used computer operating system, called MS DOS, to support CD ROM technology. The Microsoft announcement comes hand-in-hand with the successful conclusion of a 13-company standards-development effort that, for the first time, makes it possible for producers of discs, the suppliers of information that goes on them and the makers of machines that play them to turn out compatible products.

"This will lead to a tremendous increase in the use of CD ROM with personal computers," says Gilbert Hilde, a consultant who wrote a just-published report on the subject for the market research company Frost & Sullivan. Consulting players and discs, he estimates the market at over \$1bn by 1990.

The Microsoft move is particularly significant because of the large number of personal computers using MS DOS—including IBM personal computers (PCs) and many IBM compatibles. Microsoft itself estimates that over 5m PCs worldwide use MS DOS. That figure is growing fast. IBM and compatibles have over half the market, and market researcher



As US factory prices cascade from \$600 now to about \$135 by 1990, CD ROM player shipments and revenues are expected to soar

Datquest, of San Jose, California, estimates that by the end of 1986, there will be an installed base of PCs in the US of nearly 19m.

This "gives credibility to CD ROM," says Meino G. Noordeloos, product manager in the Telecommunication and Data systems unit of Philips, the Dutch electronics major. Philips, with Sony Corporation, of Japan, pioneered CD technology and the two companies dominate player production.

Microsoft's MS DOS extension is to conform to the recently agreed standard, which concerns organisation of data on a disc—for instance, file partitions and tables of contents. Microsoft, Philips and Sony were among participants in the standards body, called the High Sierra Group.

Without such standards, not every CD ROM player can read every CD ROM disc. That capability depends on how information is recorded on discs, which are called optical because they are read by a laser beam as a disc spins. Some standards, covering the size of the disc, rotation rate, data density and other parameters, already existed. The latest set, the last needed, has been submitted to international standards setting bodies for approval.

In the meantime "we think it will be a *de facto* standard," says Roger Hilde, marketing operations manager for optical discs at SM, the St Paul, Minnesota, materials and industrial products company. SM, a leading producer of the discs, also took part in the High Sierra Group. "We have already produced our first disc to that standard," he adds. The disc is a data base on the US Census prepared by the Department of Commerce.

Hilde says that the number of clients coming to SM to have information pressed into CD ROM discs "is growing very significantly." One new customer is Datquest Inc., which last January began its first shipments of a product that is among the latest discs in CD ROM: subscription information.

Datquest's product is a package of financial analysts' reports, stock quotes, histories and other financial information on all publicly traded companies in the US, according to sales representative Marjia Johnson. For an annual full subscription fee of \$19,900, a buyer is supplied with a CD ROM player and monthly updates—on four discs pressed under contract by SM—of all the financial data. Demand has increased "better than we hoped," says Johnson, adding that chief customers are investment banks, other financial institutions and universities.

Not everyone believes market

prospects are rosy, however. There are several technologies closely related to CD ROM but offering different capabilities. These include discs onto which a user can write data and even discs that can be written onto, erased and read again. Erasable discs are in research at Philips, SM and elsewhere. A few companies, including Optimum and Optitech in the US, are already shipping optical disc players for write-once systems, according to Philip Murray of PA Technology in the UK.

Executives interviewed stressed that there are distinct markets for each type of disc. CD ROM constitutes a cheap way to store and disseminate archival information, a Sears catalogue, or massive data bases, for instance. By contrast, write-once technology, which might be used by a company needing to send periodic business updates to a number of branches quickly and cheaply.

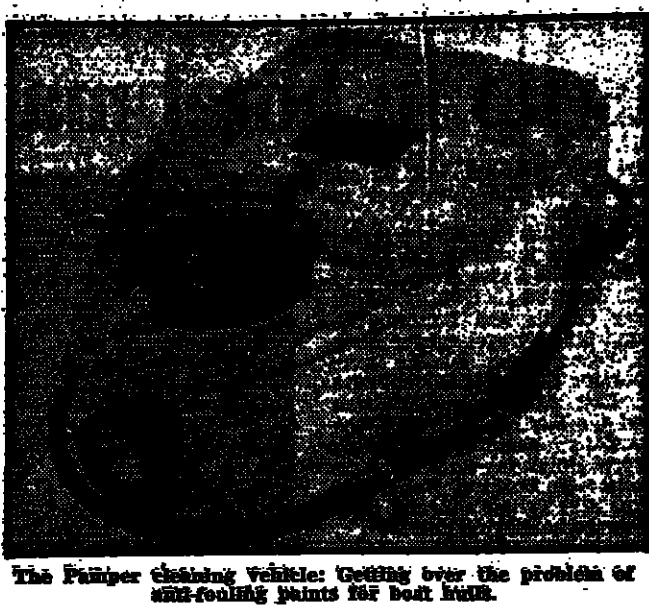
Facing such variety, however, buyers have begun to demand a single player that will be able to read any of the discs. "They want systems," says Murray of PA, that "with the click of a software switch, would be able to read all three types of media."

Complicating matters further, Philips and Sony last year introduced a version of a CD ROM player that can be used on its own, without hook-up to a computer. Called CDDI, for CD Interactive, the machine has a microprocessor built into it. The user could operate the system through a keyboard, or touch-sensitive screen.

Intended as a machine bringing CD to home consumers without a computer, the machine, initially, says Hilde of SM, "CDDI slowed the market while people sorted out the differences between CD ROM and CDDI. It will not affect the business long-term," he states.

According to Datquest, US hardware sales—now 80 per cent of the world market—will reach about 12,000 players this year, but not exceed 1m units until after 1990. The company says factory prices dropping by their from \$600 to \$135. Just as video cassette recorders, a \$1,000 novelty in the late 1970s, have become a near commodity these days, CD-ROM prices, could become prevalent.

If that happens, the unit price could be as low as \$100, says one analyst. "TV"



The Pump cleaning vehicle: Getting over the problem of anti-fouling paints for boat hulls.

## AT & T joint venture develops MAP link

OPTICAL FIBRE factory communication systems using MAP (manufacturing automation protocol) are to be jointly developed by AT & T, the US telecoms company and Concord Communications of Marlboro, Massachusetts.

The approach will use AT & T's fibre optics to convert digital data into optical form, and a fibre optic cable that gives a signal to "talk" between networks. They will be installed on a fibre optic link in AT & T manufacturing facility to explore the implications of fibre optic technology in MAP factory networks.

Mr Tony Helles, president of Concord, says the company has had many questions from customers about optical systems for the factory. More from the US on (617) 460 4444.

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## Cleaning put on an even keel

UNDERWATER cleaning of boat hulls with clean damage to the water. A mechanical method is used, according to Underwater Maintenance Company of Cheshire, UK (06215 0888).

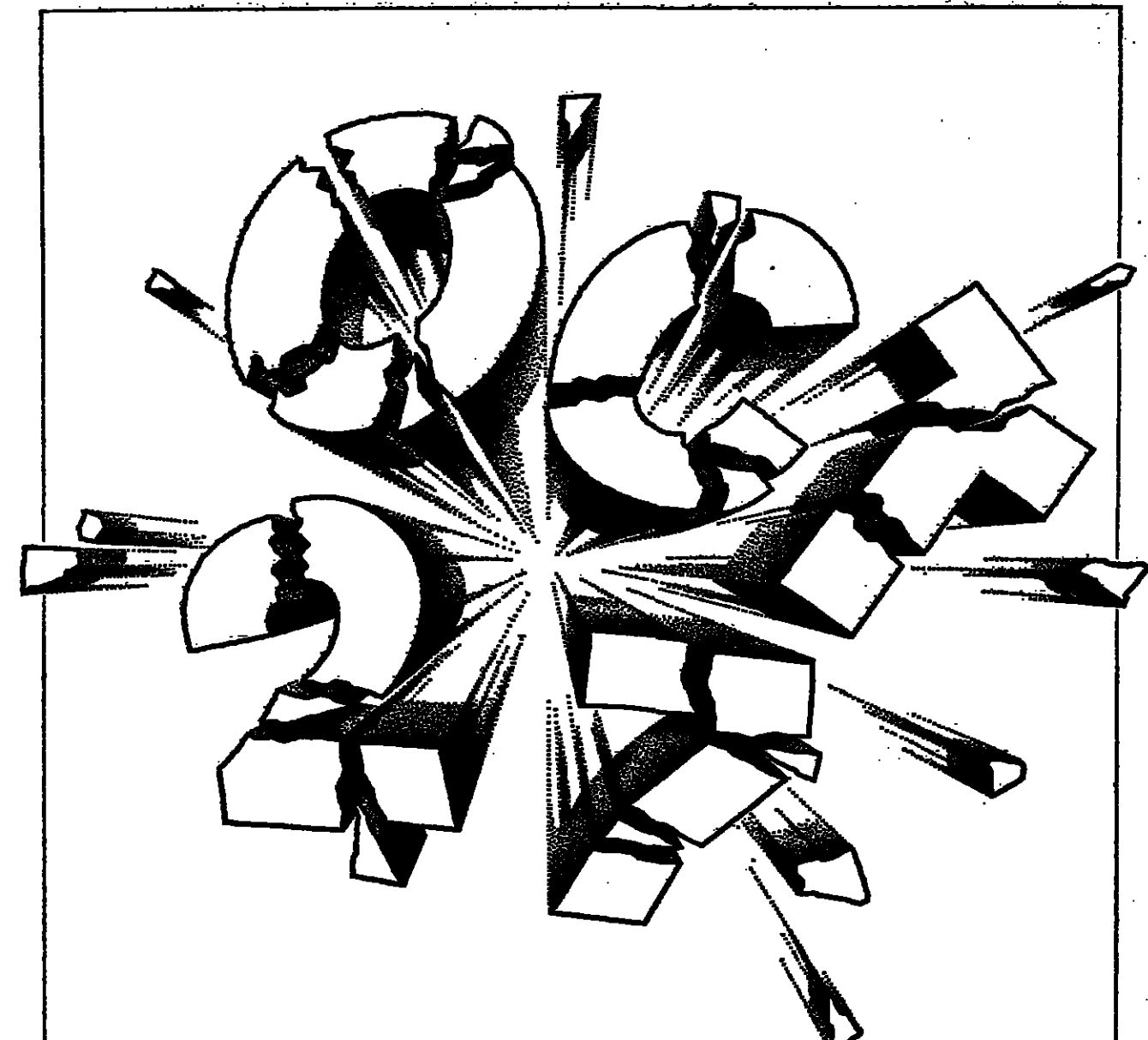
Cleaning is necessary because the paint, although waterproofed by the action of water flow, can fall off the hull in a laboratory test too fast. The company has, therefore, developed a special pump which is claimed to leave the hull "as smooth as the proverbial baby's bottom."

As part of the pump is the abrasive as well as brushes, the water-hold cleaning unit has a control system which allows the operator to adjust the pressure to suit the condition of the hull. It is claimed that the pump is the most effective and is the most widely used.

## WORTH WATCHING

ROBOTS THAT can place 70 kg loads within a box-shaped space of 4,000 x 2,500 x 2,500 mm have been developed by the Robot of Osnabrück, West Germany. They are available in the UK from the company's sister company, the subsidiary (0608 24007).

A frame built of the robot's four corner supports carries a moving gantry that spans the frame and projects back and forth over the floor area beneath. Also to move along the gantry is a vertical arm that moves up and down. Applications include general transfer work and the handling of tools and workpieces in machining cells. Basic price in the UK is £45,000.



# After the Big Bang

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On October 27th the FT will analyse a revolution—The City Revolution. In the FT Survey, twenty specialist writers will examine and comment upon every aspect of The City Revolution: How it came about, what the changes will be, and the probable shape of things to come.

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The person you should contact is Nigel Pullman on 01-248 8000.

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## Legal Notices

Company No. 491186  
Registered in England  
IN THE MATTER OF  
THE COMPANIES ACT, 1985  
AND IN THE MATTER OF  
GEORGE WATSON & CO.  
(PRIVATE COMPANY) LTD.

NOTICE IS HEREBY GIVEN pursuant to section 869 of the Companies Act, 1985 that a meeting of the Creditors of the above-named company will be held at The York Room, Bonington House, 22 Southampton Row, London WC1B 4DH, on 2nd October, 1986 at 11.00 a.m., for the purpose mentioned in Section 869 of the Companies Act, 1985.

Dated this 19th day of September, 1986.

By Order of the Board,  
G. WATSON,  
Director.

## Overseas Property

**SWITZERLAND**  
Lake Geneva & Mountain resorts

For more information contact:  
MRS. GENEVA & MOUNTAIN RESORTS  
100, Rue de la Gare, 1201 Geneva, Switzerland  
Tel: 022 23 11 41 - Fax: 23 00 00

## Legal Notices

Company No. 100785  
Registered in England  
IN THE MATTER OF  
THE COMPANIES ACT, 1985  
AND IN THE MATTER OF  
ADESTON SALES  
ADESTON SALES LIMITED

NOTICE IS HEREBY GIVEN pursuant to section 869 of the Companies Act, 1985 that a meeting of the Creditors of the above-named company will be held at The York Room, Bonington House, 22 Southampton Row, London WC1B 4DH, on 2nd October, 1986 at 11.00 a.m., for the purpose mentioned in Section 869 of the Companies Act, 1985.

Dated this 19th day of September, 1986.

By Order of the Board,  
G. WATSON,  
Director.

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IN THE MATTER OF  
THE COMPANIES ACT, 1985  
AND IN THE MATTER OF  
AUTO SELF ADHESIVES  
AUTO SELF ADHESIVES LIMITED

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Dated this 19th day of September, 1986.

By Order of the Board,  
G. WATSON,  
Director.

## Company Notice

US\$100,000,000  
12 1/2% COVERTED NOTES  
DUE 1992  
WITH DETACHABLE WARRANTS  
12 1/2% COVERTED NOTES  
DUE 1992

NOTICE OF PARTIAL REDEMPTION  
NOTICE IS HEREBY GIVEN that the Social Security Corporation (SSC) and the Social Security Corporation (SSC) have announced that they have decided to redeem the above-named notes in part. The amount of the redemption is US\$100,000,000. The redemption will be made on 27th September 1986 at 10.15 a.m. (London time) at the office of the Registrar of Companies, 12, Old Broad Street, London EC2N 2DL.

By Order of the Board,  
G. WATSON,  
Director.

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Dated this 19th day of September, 1986.

By Order of the Board,  
G. WATSON,  
Director.



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# UK COMPANY NEWS

## LASMO falls and omits interim

MR ROBIN ADAM, chairman of London & Scottish Marine Oil (LASMO), announced yesterday that the slump in oil prices over the past year had wiped slightly more than £10m off the group's net profits at the six months stage.

And in the light of continuing unstable crude oil prices and difficulty in predicting the full year outcome, the directors have decided to pass payment of the interim dividend—4.5p was paid previously.

During the first six months of 1986 the price of LASMO's North Sea crude oil averaged £11.12 per barrel. In the corresponding months of 1985 it averaged £22.63.

As a result, turnover from production fell by 48 per cent, from £107.8m to £57.8m—the group is one of the UK's larger independent oil companies.

The cost of sales was only slightly reduced and as a consequence, profits at the pre-tax level fell by 56.4m to £10.8m. A reduction in the tax charge from £58.2m to £3.8m left net profits at £6.5m, compared with a previous £18.7m.

City analysts were expecting a sharp decline and were looking for profits in the region of £18m after tax. LASMO's shares



Mr Robin Adam, the chairman of LASMO

closed at 110p, a fall of 7p on the day.

Mr Adam said: "In my opinion, the volatility in crude oil prices is liable to prevail for some time. While this makes investment decisions more difficult, we continue to build for the future from an excellent base of land, production and reserves."

The directors' recommendation on the final dividend will be made when the annual results are known. The 1986 year saw net profits rise from £81.6m to £37.7m and the total dividend maintained at 12.2p net.

The first half results included a post tax £2.7m share of profits from the 29.9 per cent stake in Enterprise Oil, which was acquired from RTZ in January in exchange for LASMO shares.

With the price of crude continuing to fluctuate wildly and having assessed the group's net realisable value of recoverable reserves, the directors decided that no permanent impairment of the net book amount of oil and gas assets could be identified at this time.

They said LASMO's financial position remained strong. Net debt at June 30 amounted to £105m compared with £103m at December 31 1985 and the debt/equity ratio was 0.3:1.

Cashflow from operations after tax for the half year was £42m which matched capital expenditure. In August, the group disposed of its Netherlands offshore interests for £22m (£15m).

The directors said that in anticipation of falling prices they implemented substantial cuts in worldwide capital expenditure together with staff reductions.

They added that in spite of this, an increase in net oil and gas production to record levels was achieved.

During the first six months of 1986 average production was 47,400 (44,500) barrels of oil equivalent per day, and several significant new field discoveries were made.

Successful appraisal wells increased LASMO's net proven reserves by 10 per cent to 121m barrels of oil equivalent.

In the six months the group participated in 91 wells which resulted in 53 oil wells and five gas wells. The drilling success ratio for exploration wells remained high at 36 per cent.

In April, LASMO successfully launched a £50m Eurosterling loan, repayable in 1992. The issue, co-managed by a strong group of international banks, demonstrated the market's confidence in LASMO at a time of great difficulty in the oil industry.

The funds were being used to repay short-term debt and lengthen the term of borrowings.

See Letz

## Imps in £118m deal to buy out loan stock

By Charles Mitchell

Imperial Group, the tobacco, foods and drinks company which was taken over by Hanson Trust last April, plans to buy out the holders of four of its classes of loan stock at a sizeable premium in a deal worth a total of £118.4m.

Hanson needs the approval of the loan stock holders for a plan to transfer ownership of the Imperial foods and tobacco business to another Hanson group company following last week's agreement to sell the Coleridge drinks business to Elders IXL of Australia.

Imperial will repay at par its 5 per cent 1985-90, 6.9 per cent 2004-09 and 7.5 per cent 2004-09 loan stocks. The 10.5 per cent 1990-95 will be repaid at 110p.

These stocks had recently been trading at considerably lower levels. The 6.9 per cent stock was earlier this month quoted at 87p, the 7.5 per cent at 87p and the 10.5 per cent at 84p.

The repayment price was decided up on after discussions with Hanson's advisors and some of the major international owners of the loan stocks. The 5 per cent stock will be repaid on October 10, while the proposed repayment of the other stocks requires the approval of the stockholders at meetings to be held on October 17. Repayment would take place on October 31.

As a separate development, Hanson has agreed to sell its food and tobacco business to the Le-Bay Chair Company for about £11.2m cash.

Hanson was formerly part of US Industries, which was acquired by Hanson. It makes occasional tables, wall units and upholstered furniture and reported a loss of £200,000 on sales of £23m. It had net asset value of £16.2m.

## Pearson sells suburban newspapers

By David Goodhart

Westminster Press, the provincial newspaper subsidiary of Pearson, is continuing its disposal policy with the sale of Middlesex County Press (Uxbridge) division for £2.5m cash.

Subject to contract it will be acquired by two newspaper entrepreneurs, Mr David Platt and Mr Gerald Clark, with the support of County Development Capital and St (Investors in Industry).

Middlesex County Press publishes four paid for weekly papers and five papers circulating in Middlesex, Buckinghamshire and West London. In the year to December 1985 turnover was £12m and operating profit £500,000. Assets value about £2m but the main freehold properties have been excluded from the sale.

Westminster Press said that the sale represents an important stage in its policy of re-grouping to concentrate on daily newspaper and non-suburban weekly newspaper centres, in a market supported by free newspapers.

The new owners, who helped to run Morgan Communications before it was taken over by News International, made the initial approach to Westminster Press. They have said they intend to continue the development of the business.

## Carlton Comm. directors sell shares

Two directors of Carlton Communications, Mr Nigel Wray and Mr David Green, both announced the sale of 500,000 shares in the company yesterday—realising for each of the £4.4m.

Carlton said that the sale, at 8.8p per share, was made with the company blessing and had been easily placed with several institutions. The two men have agreed not to sell any more shares for two years.

Following the sale of about three per cent of Carlton's equity—Mr Wray, a brother of Mr Michael Green, the chairman, will continue to own over 5m shares. Carlton closed last night unchanged at 91p.

## Hibernian profit

Hibernian Group, Irish controlled non-life company, returned pre-tax profits of £2763,000 (loss £24,05m) in first half of 1986. Underwriting loss reduced from £13.15m to £3.2m. Earnings per share 0.94p (loss 5.49p). No interim, as indicated in listing particulars for full year on Irish Stock Exchange.

## Steetley ahead 17% and good trading continues

WITH PRE-TAX profits showing an increase of 18.3 per cent growth has continued at Steetley in the first half of 1986. Good trading levels continued into the third quarter and the directors are looking for a satisfactory result over the full year.

For the six months group turnover rose from £18.8m to £200.58m, or by just 1 per cent, but the profit before interest advanced by 13.5 per cent, from £18.14m to £20.62m.

A cut in interest charges meant the pre-tax profit was up from £18m to £19.5m. Exchange rate movements held back the sterling increase in the US.

Mr David Doune, chairman, said the main objectives in recent years, those of improved competitiveness coupled with a programme of investment in new products, had combined to produce another set of excellent figures.

Profit before interest in the UK came to £15.32m (£13.96m). UK tax came to £5.34m (£5.1m) and overseas to £1.5m (£1.3m), minorities again took £1,000 and the preference dividend £5,000, which left the net profit attributable to ordinary holders

was fully commissioned and operating at its rated capacity. Benefits from the refractories section recovered to more normal levels after the previous drop when they were hit by the effects of the miners' strike. Results of other UK activities were similar to last year.

North America produced a profit of £3.66m (£3.4m). In dollar terms the advance was 25 per cent and stemmed from better performance by both the distribution and minerals businesses.

Additional profits from recent acquisitions contributed to much improved results from the French construction materials business, and were reflected in a substantial increase from £508,000 to £1.87m in profits from Western Europe.

In the Middle East profits fell from £223,000 to £88,000. Interest charges for the period were £1.5m (£2,05m). UK tax came to £5.34m (£5.1m) and overseas to £1.5m (£1.3m), minorities again took £1,000 and the preference dividend £5,000, which left the net profit attributable to ordinary holders

at £11.51m (£9.54m). Earnings were 18.88p (15.55p) per share and the interim dividend is lifted to 5.5p (5p) net.

At the end of 1985 year the group lifted its pre-tax profit from £52.7m to £58.84m and its dividend total from 12p to 13p.

Some careful juggling is required to decide just how commensurate Steetley's figures are. On the one hand, the results take in a £500,000 bounce-back from the French quarrying operations and Steetley refractories, and the acquisition of four more French quarries probably added another £500,000 to the pre-tax figure. Yet the negative effect of currency movements, which cost around £500,000, and the unsurprising £145,000 downturn in the Middle East contribution still left plenty of ground to be made up by organic growth. If there is a problem with the figures, it is the question of where Steetley goes from here, for although there is enough impetus in the first-half advance to suggest that the group will make the expected gain for the full year, it is hard to see how the growth rate is going to prove remarkable much beyond then. The share price of 49p and prospective p/e multiple of 11 gives Steetley a rating at the low end for its sector, a level at which it seems likely to pass pending evidence that the strategy for growth will prove as effective as the strategy for recovery.

THE INTEREST rate for this week's issue of local authority bonds is 10 1/2 per cent, up 1/4 of a percentage point from last week, and compares with 10 1/2 per cent a year ago. The bonds are issued at par and are redeemable on September 30, 1987. A full list of issues will be published in tomorrow's edition.

### DIVIDENDS ANNOUNCED

Company	Current of payment	Date	Current of dividend	Total dividend	Total last year
Belfort	0.8	Oct 31	0.8	1.6	1.6
Folkens Group	0.55	Nov 14	0.55	1.1	1.1
Intergard Dist	1.5	Oct 31	1.5	4.75	4.75
Johnsen & Jorgan	1.35	Oct 31	1.35	4.1	4.1
LASMO	nil	—	4.5	12.2	12.2
Maclean-Glenlivet	1	—	1	3.04	3.04
Rayco Ventures	6	—	6	8.5	8.5
Octopus Publishing	2.7	Oct 31	2.18	6.75	6.75
Raglan Prop.	0.1	Nov 24	0.09	0.09	0.09
Scott & Robertson	1	Dec 1	0.9	2.7	2.7
Sinclair	0.75	Nov 14	0.75	2.3	2.3
Spectra Antef	0.91	—	0.83	2.5	2.5
Steetley	5.5	Oct 15	5	13	13

Dividends shown in pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock.

## A YEAR OF PROGRESS FOR IRELAND'S NATIONAL TRANSPORT COMPANY



G. T. Paul Conlon, Chairman

It gives me great satisfaction to report a further year of progress in the drive to invigorate and re-orientate our national transport company.

In financial terms the overall outlook for 1985 was a profit of £5,793m, compared with a deficit of £0,004m in 1984. This profit achievement was against a backdrop of national inflation and recession. Every section of CIE business has solid progress to report.

Our demonstrable achievements in 1985 derive from positive management applied to good business strategy. As a result the Exchequer's public service obligation payments to CIE have been reduced quite substantially in real terms.

Major capital expenditure projects, totalling £40m, were undertaken in 1985 to keep faith with our commitment to upgrade the quality and reliability of our services.

At the end of 1985 our total borrowings on capital account stood at £230m. I would, however, be hopeful that our 1986 Capital programme of £34m, can be financed without adding to this burden. However, the resolution of this funding problem is one of the major management challenges facing CIE to-day.

CIE is meeting the challenge of providing a quality service to the nation. To this end the Board has submitted a proposal to Government to build diesel rail cars at our engineering works at Inchicore — as an extension to our rail carriage building programme. This will ensure continued employment for a number of years, and will cater for a growing passenger demand on the Dublin outer suburban and radial lines, where the quality of present services leave much to be desired. Given the resources I remain confident that CIE will meet the requirements and expectations of the Irish people.

The above is an extract from the Chairman's Statement published in the 1985 Report and Accounts of CIE.

## BANRO INDUSTRIES plc Interim Results - Unaudited

Results for the half year to	30.6.86	30.6.85	Year to 31.12.85
Turnover	£19,585	£14,419	£31,411
Profit before tax	851	562	1,615
Earnings per share*	8.5p	4.7p	13.2p
Dividend per share (net)*	2.0p	1.5p	5.8p

\*Comparative figures included to reflect the effect of the one-for-five capitalisation issue on 12th May 1985.

These results reflect a very satisfactory performance by the Group in the year to date. The Directors expect this progress to continue into the future and we have every confidence that the full year's result will be most satisfactory.

The Board will continue to investigate all opportunities for expanding Banro's scale of operations, both in manufacturing and distribution, and the reduction in the level of borrowings resulting from the rights issue will provide greater flexibility in considering suitable acquisition possibilities.

A Rights issue of one-for-three and an interim dividend of 2.0p per share is being proposed by the Directors and they are forecasting a final dividend, subject to no unforeseen circumstances, of 4.5p per share on the capital increased by the Rights Issue. 99



The principal activities of the group are the manufacture of a wide range of metal and glass products for the transport, domestic appliance and building industries. Brownhills, Wexford, West Midlands WS8 7JP.

Edward Rose, Chairman and Chief Executive

## Good growth for Murray Ventures

Over the 12 months ended July 31 1986 Murray Ventures, the Glasgow investment company which seeks capital and income growth by specialising in unlisted securities, lifted its net asset value from 364.5p to 539.8p per share, or by 48 per cent.

Five of the companies in which Murray was invested obtained listings, and a further three unlisted holdings were realised. Together these yielded the company a 95.3 per cent profit.

The company's earnings for the year moved ahead from 6.1p to 5.79p per share. Shareholders benefit with a final dividend of 6p which lifts their total from 5.5p to 8.5p. They will also get a 1-for-1 scrip and can expect a payment of at least 5p for the current year on the higher capital, the directors forecast.

Total revenue in the year came to £2,09m (£1,65m), with franked accounting for £1,28m (£851,000) and unfranked £838,000 (£879,000).

## Clyde Petroleum falls into red and warns of asset write-down

BY MAX WILKINSON

Clyde Petroleum, the independent oil exploration company, yesterday announced a pre-tax loss of £1.5m for the six months to August, compared with a £2.8m profit last time.

Mr Colin Phipps, chairman, warned shareholders that he may have to write down the value of their assets by £25m if it appeared by the end of the year that oil prices were likely to remain at about \$15 per barrel in the medium term.

The shares closed 3p lower at 37p.

The size of the provision would depend on whether there had been any significant change in the exchange rate or other factors affecting the carrying value of the company's assets.

A £25m write down would represent a little more than a quarter of the estimated value of shareholders' funds at the end of June. However, Phipps said that the adjustment would still leave funds significantly

larger than present market capitalisation of the company. As in previous years, the company is not proposing to pay an interim dividend.

Turnover was £8,422m close to the £8.8m of last year, despite the collapse in the oil price. This reflected a near doubling of production to an average of 8.1m barrels per day during the period, largely as a result of the acquisition of 0.75 per cent of the Forties field from Texaco, increased output from the Buchan field, and a sharp rise in output from its interest in Ecuador.

The average price realised by Clyde in the UK for the first half of the year was \$12.50 or \$3.83.

There was an operating loss of £1,066m (£2,55m profit) with a loss of £2,432m (£828,000 profit) in the UK being offset by profit of £1,496m (£1.5m) from Ecuador. After tax of £593,000 (£138,000) losses per share came out at 1.6p (earnings

1.5p). In spite of the sharp swing into loss, Mr Phipps believed the longer term outlook for the company was good. The majority of the company's proven reserves of 20-30s barrels (with possible and probable reserves about the same again) would not be produced until after 1990, when there was a good prospect of a recovery in the oil price.

Until then the company would be able to survive as a result of repayment measures and continuing positive cash flow. As long as oil prices remained above \$10 per barrel Clyde would be able to cover overheads and interest payments, although at \$10 per barrel it would not be able to afford the exploration it would like.

On the assumption of a somewhat higher oil price the company's strategy was to continue to explore and to acquire oil reserves where possible.

See Letz

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S. G. Warburg & Co. Ltd.



UK COMPANY NEWS

Walter Lawrence expands and pays £23m for Poco

BY LIONEL BARRER

Walter Lawrence, once best known as a building contractor, is dramatically expanding its housebuilding activities with a £23.7m acquisition which will double the group's share capital.

Interest attributable to housing development as incurred is no longer being capitalised. The group is now moving to the more conservative policy of writing it off. The tax charge of the enlarged group is expected to account for around 20 per cent of pre-tax profits.

At August 31 1986, Poco had a land bank comprising more than 2,100 plots located on 53 sites, varying in size from two to 206 plots. Though the company is strong in Manchester, it also has land in the South of England, complementing Lawrence's strength. It employs 200 people.

Norton bid expected to get the green light

By David Goodhart

THE SECRETARY of State for Trade and Industry is today expected to publish the Monopolies and Mergers report on Norton Opax's contested bid for the larger printing group, McCorquodale.

BBA is surprise buyer of Grosvenor

BY DAVID GOODHART

BBA Group, the fast-growing friction materials and conveyor belt company, yesterday emerged as the surprise buyer of Grosvenor Group the troubled electronics and engineering company.

Discussions are continuing with a major multi-national over the sale of Grosvenor's Backer Electric Company which should allow BBA to recoup part of the purchase price.



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J. E. England takes on a new look

J. E. England and Sons, a produce supplier and convenience food merchant, yesterday announced changes in its board and shareholding structure and the disposal of its Mosepack (Potatoes) subsidiary in a management buyout.

Blacks' position 'critical'

BY CHARLES BATCHELOR

Blacks Leisure Group, the camping and leisure chain which faces receivership unless a £3.5m agreed takeover bid from Sears is successful, yesterday appealed to its 4,500 shareholders to accept the offer.

Blacks' advisers, said the company had carried out a telephone campaign to urge shareholders to accept but many appeared to be awaiting a higher offer.

Laidlaw Thomson

Laidlaw Thomson (architectural ironmongery) pre-tax profits rose from £585,000 to £428,000 in the half year ended June 30 1986, on turnover ahead from £7.44m to £9.23m.

New board plans to expand 'Times' Veneer

"The Times" Veneer, a timber company, yesterday announced a major boardroom shake-up and plans for a policy review and expansion following the acquisition of a 29.9 per cent stake by a group of new investors.

Berman and other Berman family members on the board would be resigning from it but would continue as employees to be responsible for the timber interests of the group.

COMPANY NEWS IN BRIEF

BARDSEY GROUP has sold Taylor Pallister to Glywed Engineering for £245,000 (subject to stock valuation), of which £200,000 has been received. Taylor Pallister makes marine and lifting equipment for the marine and offshore oil industries.

Polypipe plc advertisement including logo, company details, and financial information.

Electronic Rentals Group p.l.c. advertisement featuring a large 'e' logo, £50,000,000 in funding, and Morgan Grenfell & Co. Limited as the tender panel agent.

Advertisement for HAT Group Shareholders regarding the BET offer, including share prices of 142p, 138p, and 94p.

United Kingdom Floating Rate Notes Due 1996 advertisement with the Royal Coat of Arms and details of the offering.

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## UK COMPANY NEWS

### Octopus advances 13% despite sluggish market

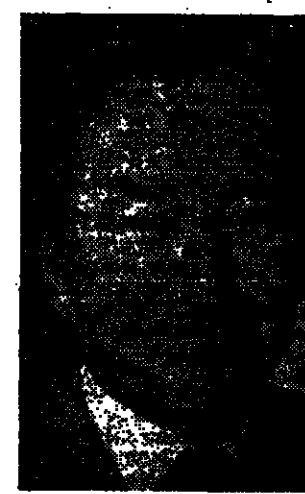
BY ALICE RAWSTHORN

Octopus Publishing, book publisher, announced yesterday that it had succeeded in increasing pre-tax profits by 13 per cent to £7.08m in the first half of 1986 despite the sluggish state of the book market and adverse exchange rates.

Almost all UK book publishers suffered from lacklustre demand in the opening months. The downturn is generally attributed to depressed sales of books last Christmas and retailers' subsequent overstocking problems. "The book trade as a whole had a disappointing, but far from depressing, start to the year," said Mr Paul Hamlyn, Octopus's chairman. "And although our companies in both main overseas markets, Australia and US, improved in local terms, we were affected by adverse currency movements."

Nonetheless in the period turnover rose to £60.47m (£54.28m) and operating profits to £5.84m (£5.31m). Its share in profits of associated companies - one-third of Pan-Books and half of Conran-Octopus - fell to £191,000 (£241,000) because of the depressed paperback book market. But investment income rose to £1.05m (£702,000).

The comparative figures have been restated to take account of the contribution from Heinemann, the book publishers acquired from BTR, industrial



Mr Paul Hamlyn, chairman of Octopus Publishing

holding company, last July.

Earnings per share rose to 8.8p (7.2p) and an interim dividend of 2.7p (2.18p) is being paid.

Much of the first half was spent in integrating Heinemann and Hamlyn, the latter was purchased from Reed International in March. Octopus has cut costs within both companies. Invested in the marketing of Heinemann's educational books and improved Hamlyn's distribution.

Yesterday Octopus announced plans to close Heinemann's distribution centre in Kingswood, Surrey next March and to concentrate distribution at the Hamlyn warehouse in Rushden, Northamptonshire.

According to Mr Hamlyn there had been some improvement in demand for books in recent months and he was "fairly optimistic" about the prospects for his crucial pre-Christmas period.

#### Comment

The recent weakness of the Octopus share price is more a reflection of the original over-indulgent rating than dissatisfaction with the company's performance. After all who could quibble with a 13 per cent rise in pre-tax profits when the book market is in such a sorry state and adverse exchange rates wipe £1m or so off overseas earnings? Octopus's core activities have been relatively quiet in the last nine months. Thus far Octopus's efforts and energies have been expended on cutting costs at Heinemann and Hamlyn and integrating the companies within the group. It is only the ideas for polishing up the book list and introducing new sales policy will really be put into practice. Meanwhile the cash pile is mounting and Mr Paul Hamlyn is beginning to oggle areas of educational publishing in the UK and generalist publishing overseas where Octopus is under-represented. With projected profits for the full year of £23.5m the prospective P/E of 18.5 on yesterday's share price of 480p is starting to look a little low.

ALLIED IRISH BANK said 38.44m shares were taken up in the rights issue, some 91.2 per cent. Shares not taken up have been placed in Dublin and London at 210p per share.

### Invergordon Distillers profits edge ahead

A RISE of 5 per cent in pre-tax profits by Invergordon Distillers (Holdings) in the first half of 1986 was in line with the board's expectations. Turnover improved by 24 per cent from £12.9m to £15.61m to give a taxable result of £2.11m against £2.01m.

Earnings per share came out at 5.87p (5.94p) and the interim dividend is unchanged at 1.5p. Last year there was a total dividend of 4.75p on pre-tax profits of £4.55m.

The company is a subsidiary of Carlton Industries, the ultimate holding company of which is Hawker Siddeley Group.

This year's figures include the results of Charles Mackinlay, which was acquired from Scottish & Newcastle Breweries in November last year.

Directors said that production at the grain distillery was slightly above the previous year, but lower prices for fillings reduced its contribution. The demand for malt fillings continued to be weak.

Sales of blended whiskies were again higher with both Glaxya and The Original Mackinlay contributing to the increase. Trading profit came out at £2.11m (£2.22m), but interest charges were more than doubled from £214,000 to £592,000. The tax charge was £751,000 (£822,000), and after dividends absorbed £343,000 (£295,000) the retained profit for the period was higher at £1.02m, against £866,000 last time.

PERELESS was maintaining its first quarter performance. Mr W. S. Jordan, chairman, told the annual meeting. In the annual report the first quarter profit was given at £700,000 pre-tax.

### Sintrom down 18% despite second quarter recovery

Sintrom saw pre-tax profits fall by 18 per cent from £717,000 to £589,000 in the six months to end-June 1986, despite reporting a substantial improvement in the second quarter.

Turnover for this maker of data storage and computer peripheral equipment was almost unchanged at £8m against £7.96m. Earnings came out lower at 4.2p (5p) per 10p share; but the interim payment is being maintained at 0.75p.

Sintrom Electronics experienced lower demand in the first part of the year, directors said. Action was taken and the company was showing an improvement compared with the previous year. Its service division was set up as an independent company.

Following the downturn in

the oil industry, in which Sintrom Rentals had a major part of its business, it was decided to withdraw from the sector. An extraordinary charge was made to cover potential losses.

Following a cut in overheads, recovery at the Perex offshoot was expected to continue. The Logic Replacement Technology networks division saw 80 per cent growth during the period and directors said that it made an excellent profit contribution.

Directors added that Sintrom had maintained its strong cash base and that it intended to adapt to growing business areas by both internal growth and acquisition. The tax charge was £214,000 (£201,000) and there was an extraordinary debit this time of £330,000.

### Johnson & Jorgensen improves

Small improvements in sales and profits have been achieved by Johnson & Jorgensen Packaging in the six months ended June 30 1986.

This USM quoted manufacturer of plastic and glass containers lifted sales by 4.3 per cent to £7.04m (£6.75m) and pre-tax profits by 5.1 per cent to £576,000 (£548,000).

On this occasion, said Mr John Jorgensen, chairman, the cost of the plastics factory closure in the first half rather

than in the second as in previous years.

On prospects, he said some of the buoyancy in the market was not quite as apparent as at this time last year, but he believed the second half should provide satisfactory results. For the whole of 1986 turnover was £18.25m and profit £1.13m.

After tax £250,000 (£262,000) and minorities £20,000 (£18,000), earnings for the half year came to 4.96p (4.06p). The interim dividend is lifted to 1.35p net (1.25p) at a cost of £89,000 (£82,000).

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			div. (p)		Yield		Accrued
							taxed
146	118	Asa. Bst. Ind. Ord.	133	—	7.2	5.5	8.1
151	121	Asa. Bst. Ind. Ord.	131	—	10.0	7.5	—
152	43	Arsleppin Group	105	—	7.5	7.2	5.6
48	28	Arncliffe and Rhodes	350d	—	4.2	2.4	4.9
188	95	Bardon Hill	—	—	4.6	2.4	21.4
81	42	Bray Technologies	81	—	4.2	5.3	8.6
201	76	CC. Ordinary	88	—	2.5	3.2	8.2
152	82	CC. Trst. Conv. Pref.	88	—	15.7	17.8	—
248	80	Carborundum Ord.	249	—	3.1	3.7	12.0
54	33	Carborundum 7.5p Pl.	52	—	10.7	11.5	—
138	63	Deborah Services	128	—	7.0	5.0	14.5
32	20	Frederick Parker Group	23	—	3.5	3.3	2.9
125	59	George Blair	114	—	3.0	4.1	15.5
74	20	Ind. Precision Castings	74	+1	3.0	4.1	15.5
218	158	Isla Group	162nd	—	18.3	11.5	8.1
134	101	Jackson Green	123	—	8.1	8.0	8.4
377	228	James Burrough	368	+1	17.0	4.5	10.3
100	86	James Burrough Sp. Pl.	97	—	12.8	13.3	—
85	50	John Howard Group	85a	—	—	—	—
1,026	302	Mulhouse NV	890	+10	—	—	—
260	280	Second Highway Ord.	277	—	—	—	—
102	82	Reed Midway Pipe Pl.	85	—	14.1	15.8	8.7
82	32	Robert Jenkins	78	—	—	—	3.3
70	25	Unitech Holdings	68	—	2.6	4.1	12.1
117	66	Trevelyan & Carlisle	117	—	5.7	4.9	7.1
370	320	Trevelyan Holdings	322	—	7.9	2.5	6.7
102	47	Wahler Alexander	98	—	—	—	—
228	190	W. S. Yates	197	+1	5.0	5.0	9.5
					17.4	8.8	19.7

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. Application has been made to the Council of The Stock Exchange for the undermentioned securities to be admitted to the Official List. This application is conditional on the passing of necessary resolutions at an extraordinary general meeting of Combined Technologies Corporation plc.

## Comtech

### Comtech Finance plc

(Incorporated in England under The Companies Act 1985 No. 2004484)

Issue of up to £7,013,684 nominal of 11½ per cent. Guaranteed Convertible Unsecured Loan Stock 1996 (as to £5,013,684 by way of rights) guaranteed by and convertible into Ordinary Shares of Combined Technologies Corporation plc

Combined Technologies Corporation plc, incorporated in England under The Companies Acts 1948 to 1980 No. 1568845, is the holding company of a group of companies engaged in the distribution of motor vehicles and associated motor trade activities and the development and marketing of new high technology products principally in the information storage and retrieval industries.

Details of the listing particulars relating to the issue are available in the Extel Statistical Services. Copies of the listing particulars may be obtained during normal business hours on any weekday (excluding Saturdays) up to and including 22 October 1986 from:

Comtech Finance plc  
2 Victoria Street  
Luton  
Bedfordshire  
LU1 5NJ

Hambros Bank Limited  
41 Bishopsgate  
London EC2P 2AA

de Zoete & Bevan  
Ebbgate House  
2 Swan Lane  
London EC4R 3TS

and also for two days following this notice at the Company Announcements Office of The Stock Exchange.

24 September 1986.



## UK COMPANY NEWS

### Rising orders at Debfor

Debfor Holdings, the lingerie manufacturers and importer which came to the USM in April, returned pre-tax profits of £838,000 from a turnover of £4.6m for the first six months of 1986.

No comparison is given but for the 1985 year as a whole the Nottingham-based company, the largest independent bra manufacturer in the country which includes Littlewoods, British Home Stores, Asda and

the Burton Group among its customers, made profits of £1.38m on a turnover of £5.82m.

As promised in the prospectus, shareholders will receive an interim dividend of 0.9p net from earnings of 7p per 10p share.

Mr David Parker, the chairman, said yesterday that both turnover and the forward order book were running steadily at a higher level than at the same time last year.

Furthermore, the major custo-

mers acquired during the past 18 months or so were making increasing contributions to turnover.

Mr Parker added that the company had traded satisfactorily since the end of June and that the directors looked forward with confidence to a successful outcome for the year.

Interest charges for the first half accounted for £51,000 and tax for £283,000. Net profits amounted to £553,000. Dividend payments will absorb £50,000.

### Macallan trebles its first half profits

INTERIM results at Macallan-Glenlivet, distiller malt whisky reflected an exceptional volume increase in the six months to June 30 1986, but the directors said the increase would not be continued in the second half. In his last annual report, the chairman said he was optimistic that a significant higher result would be achieved in 1986.

Pre-tax profits climbed from £302,000 to £610,000 on turnover up from £2.12m to £3.19m. Trading profits were ahead at £1.06m compared with £611,000. Leasing rentals amounted to £26,000 (£25,000), and depreciation was marginally higher at £128,000 against £123,000. The pre-tax figure was after interest charges down from £326,000 to £252,000.

The interim dividend is unchanged at 1p net—last year's total was 3.34p from pre-tax profits of £719,000 (£745,000).

The directors said margins on new whisky remained under severe pressure, although lower fuel costs and economies of scale were helpful during the period.

Sales of single malt whisky continued to show a satisfactory advance in an increasingly competitive environment. Further investment in international marketing of the brand should be expected.

They added that results for the half-year were not indicative of those for the full year. However, those were expected to show real progress.

### Allied Plant at £0.3m

Allied Plant Group raised its turnover by £2m to £7.34m and its profits before tax from £159,813 to £205,433 in the six months ended June 1986.

The results of Trevor Crocker and Partners, acquired earlier this year, will be included on a merger accounting basis in the full year accounts. The directors said yesterday that the positive momentum of the group had been further enhanced since the end of the half year by the acquisition of the assets of Geoffrey E. Macpherson of Nottingham.

This depot, which expanded the geographical coverage of the group's hiring activities, will be transformed into a Nissan dealership in common with the remainder of forklift operations. First half earnings amounted to 1.1p (0.66p).

SEDGWICK GROUP said a total of 47.38m new ordinary and all the new "A" shares had been taken up, representing approximately 96.64 per cent of the rights issue. The balance was sold in the market and net proceeds will be distributed to holders entitled thereto.

### Raglan Property up sharply

Raglan Property Trust, property development company, yesterday reported a substantial increase from £72,734 to £463,611 in pre-tax profits for the year to March 31 1986. Turnover climbed from £597,476 to £9.22m. Stated earnings per 1p share doubled to 0.82p and dividend is raised from 0.085p to 0.1p net.

Mr David Anderson, the chairman, said gross income from investment properties had increased to £298,549 during the year, and rent reviews

achieved had been most satisfactory, particularly in respect of Hatfield where the rent increased from £12,852 to £221,250. The company continued to monitor the investment portfolio closely so as to enhance its value whenever possible.

The increasing level of the company's development activity, together with the performance of its investment properties encouraged Mr Anderson to believe that it would have another successful year.

#### BOARD MEETINGS

TODAY	
Innards: Albany Investment Trust	Sept. 30
Associated Book Publishers, Bellie	Oct. 2
Gifford Technology, Bank of Scotland	Oct. 2
Charles Barter, Bedford, 1875, Bio-	Oct. 2
mechanics International, Great Chem-	Oct. 2
icals International, Calsolene Polys,	Oct. 2
Costs Vivaldi, Edmond, Fleming Univer-	Oct. 2
sity Investment Trust, Naval Whiting,	Oct. 2
Low Investment Trust, Julian's	Oct. 2
McLaughlin and Harvey, William	Oct. 2
Morris Fine Arts, Moss Bros, Tossy	Oct. 2
Kendry and Millburn, James Wilson,	Oct. 2
Wold	Oct. 2
Keeler Barratt Developments, Harvey	Oct. 2
and Thompson, Land Investors, Logan,	Oct. 2
Turford Park Estates	Oct. 2
FUTURE DATES	
Inspiration	Oct. 7
Gifford's Dalries	Oct. 7

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OCTOBER 23, 1986

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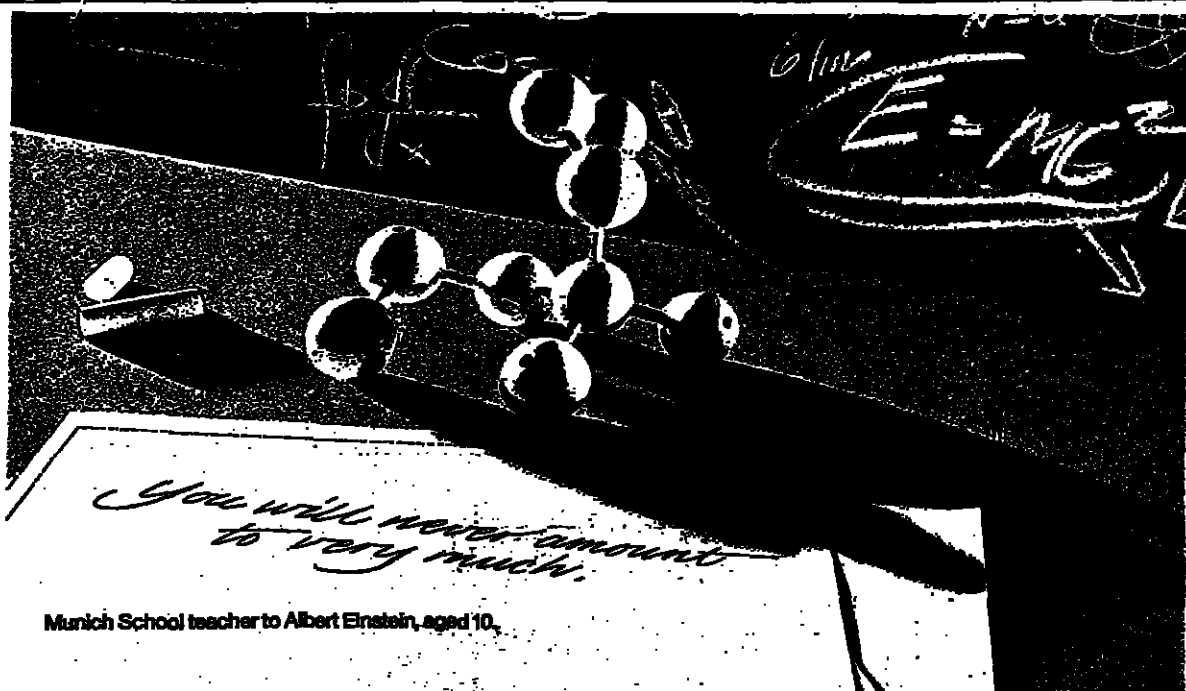
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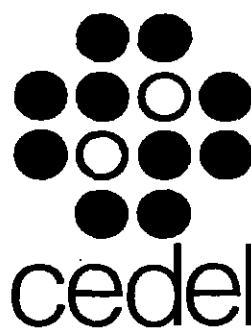
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## THE ADELAIDE STEAMSHIP COMPANY LIMITED 1986 ANNUAL RESULTS TO 30th JUNE 1986



	1985 (A\$'m)	1986 (A\$'m)	Increase (%)
Turnover	244.37	365.47	49.56
Profit before Tax	55.20	128.10	132.07
Tax	2.49	32.98	
Profit after Tax	52.71	95.12	80.46
Less Minority Interests	10.74	11.66	
Group Operating Profit	41.97	83.46	98.86
Plus Equity share of Assoc's	18.22	33.75	
Total Operating Profit	60.19	117.21	94.73
Plus Extraordinary Items	.28	6.04	
Consolidated Operating Profit	60.47	123.25	103.82

**Dividend** The annual dividend has been increased to 34 cents per share from 30 cents per share payable on capital increased by the April one for four bonus issue. Final dividend of 18 cps payable November 21. Register closes October 14.

**Comment** Directors are confident of further growth in profitability in 1986/87.

For further information and copies of the Annual Report contact:  
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## UK COMPANIES

### Folkes confident after opening with 11% rise

DESPITE A sluggish start, the Folkes Group pushed up its first half profit by nearly 71 per cent, from £700,000 to £775,000. And chairman Mr Constantine Folkes said he was confident that further progress would be made in the second half. For the year 1986 the group produced £2.15m.

The group is involved in industrial property, services, consumer products, and engineering. Its turnover fell from £31.9m to £29.8m.

Mr Folkes said the results highlighted the progress being made as a result of the restructuring of the group by disposals of activities which were unprofitable or outside the mainstream business, and that policy would continue.

At the same time investment was being made in activities where profitable potential was seen. The group had recently established a joint venture in Hong Kong with a local com-

pany to exploit that growth market.

The chairman said general trading conditions had shown little sign of significant improvement; while increased consumer spending had benefited some companies, manufacturing in the UK remained fairly static.

The oil price reduction had brought advantages in energy cost savings but the benefits of cheaper oil would be slow in coming because there was an immediate adverse effect on investment by companies involved in maintenance and exploration of oilfields which was being felt by some subsidiaries.

Net profit for the half year came to £775,000 (£685,000) for earnings of 1.64p (1.45p) per share. The interim dividend is held at 0.85p net and the chairman said he was hopeful of a "positive review" for the final when the results were known. Last year it was 1.05p.

### Better conditions boost Scott & Robertson

IN A more favourable trading period, the Scott & Robertson group serving the packaging industry lifted its turnover by 10 per cent and doubled its pre-tax profit in the first half of 1986.

Turnover moved up from £9.8m to £10.82m and profit from £52,000 to £252,000. In the 1985 period the profit was affected by a factory move and relocation and certain operating factors outside the company's control. By the end of that year the profit had recovered to £1.1m (£1.02m).

The directors said yesterday that this year's second half results would not reflect a comparable increase, but they were

confident that the outcome for 1986 should beat the previous year by a significant margin.

In the 1986 half year the group, one of the biggest UK based producers of polythene products—lifted its operating profit from £479,000 to £1.06m. But the provision for employees share scheme in respect of the year took £100,000 (£83,000) and net interest paid was up to £137,000 (£44,000).

Tax took £303,000 (£160,000) and minorities £3,000 (£7,000) to leave the net profit at £519,000 (£335,000). Earnings worked through at 2.31p (3.27p) and the interim dividend is 1p (0.9p).

### Antler tops £500,000 at six months

Antler, the luggage and travel goods company which made its USM debut earlier this year, raised its pre-tax profits by \$49,000 to \$520,000 in the first six months of 1986. There is no interim dividend but, in line with the prospectus forecast, a final of 2p net will be recommended. First half earnings amounted to 5.4p (4.8p).

Yesterday, Mr James Miller, the chairman, said: "As is generally known, the growth experienced in manufacturing industry during the first quarter of 1986 levelled off in the Spring, but there are now signs of growth resuming." For the year as a whole the directors expect a satisfactory outcome.

Antler came to market in April via a share sale by its parent, Harris & Sheldon, a private holding company. H & S retained a stake of just over 40 per cent.

Antler's customers include Marks and Spencer, House of Fraser (including Harrods), John Lewis, Argos and Selfridges.

### Space Planning advances 54% to £0.44m

Space Planning Services saw taxable profits improve by 54 per cent in the year to the end of June 1986. The office design consultancy, which was placed on the USM in June, reported figures up from £288,000 to £441,000.

The result was achieved on turnover of £2.01m (£1.48m), a rise of 25 per cent. The directors say that costs were maintained in a period of substantial growth and despite taking additional premises in central London.

Earnings per 10p share came out at 5.8p (3.9p). As stated at the time of the placing there will be no dividend for the year.

Directors added that although organic growth was continuing the company was also seeking to make acquisitions to widen the range of skills that could be offered.

Operating profit was \$469,000 (£322,000) and the pre-tax figure was stated after net interest payable of £29,000 (£25,000). The tax charge was £179,000 (£127,000).

## COMPANY NEWS IN BRIEF

**AMERICAN ELECTRONIC Components**, USM-quoted maker of switch and relay mechanisms, reported pre-tax profits of £2.94m on turnover of £10.83m for the year to the end of June 1986, a six month increase on June 30 1985 pre-tax profits were £715,000 on £8.04m turnover. Earnings per share were stated at 2.37p (1.94p). A second interim of 0.525p, in lieu of a final, has already been paid

making a total for the year of 0.875p.

**HILLARDS** had continued its expansion strategy, with sales some 14 per cent higher. The board remained confident of further increases in sales and profits for the year to April 1987, the annual meeting was held at the large new £25m at Glossop, Derbyshire, would open in November.

**BLUEBIRD TOYS** raised turnover to \$5.47m (£2.2m) and pre-tax profits to £19,000 (£88,000) in the six months to June 30 1986. Orders to date are ahead of last year's total sales. First half earnings amounted to 1.26p (0.84p). The company's 10p shares are traded on the USM.

**TYTAGHUR JUTE** Factory reported net losses for the year to June 30 1986 substantially increased from £4.78m to £12.54m on turnover higher at \$45.88m against £30.14m. The loss per £1 share came out at 88.1p (57.15p). The directors have decided not to make any depreciation allowance because they considered the assets were worth more than their book values.

**ANGLO-EASTERN Plantations** reported turnover £724,000 (£803,000) and profit before tax £28,000 (£30,000) for half year ended June 30 1986 — comparison included less than three months trading of estates. It would be some time before oil palm crops had material effect on revenues, so first half result was substantially from rubber and cocoa crops — and price for rubber was relatively low. Recent devaluation of Indonesian rupiah should have immediate beneficial impact on profitability.

**A & P APPLIEDMORE** has agreed to purchase Tower Maritime Ship Repair Services and its four subsidiaries from the Tower Maritime Group

## THE FINANCIAL TIMES IS PROPOSING TO PUBLISH A SURVEY ON URBAN RENEWAL

Publication date: OCTOBER 6th

### 1 INTRODUCTION

Revival of Britain's inner cities has become one of the crucial tests facing the present government as it enters the period running up to the next election. Some signs of a new spirit of the move are evident in the central business districts of a number of cities but the benefits are being restricted only very slowly to the adjoining inner areas suburbs. This survey will look at the scale of the problem in Britain's big cities, at the range of initiatives the Government has set in motion, and the approaches advocated by the other main parties.

### 2 THE MECHANISMS

In the 20 years since Government attention first began to focus on inner city problems a variety of devices have been employed to halt the drift away of both jobs and people and to rebuild a viable economic base in rundown areas. This section will look at some of the mechanisms now in place.

(1) **Partnerships.** How well have the partnerships between Government departments and the big authorities been working. How justified are local authority complaints of loss of democratic control over decisions and expenditure.

(2) **Task forces.** The task force approach, first adopted in Liverpool, has been extended to another eight cities. This involves sending in a small team of civil servants to work for it to pool the financial and manpower resources available to secure local regeneration. How well is this approach working?

(3) **URRI.** The Urban Renewal Unit was set up a year ago to provide advice to local authorities looking for novel approaches to the problem of revitalising rundown estates. A progress report by URRI, an adaptation of an idea that has proved very successful in the US, urban development grants have been used to fund a number of major schemes in cities throughout the country where an element of public pump priming was needed to encourage developers to go ahead. The money available has never been fully taken up, however. What is preventing URRI's from being even more successful? A new instrument — urban regeneration grants — is now proposed. How will these work?

(4) **Development corporations.** The success of the London Docklands and Merseyside Development Corporations in transforming areas where the scale and cost of dealing with problems of dereliction had proved too daunting for existing local authorities without access to large sums of public money, has encouraged the Government to look at extending the idea to other cities. This article will look at the record of the two existing corporations.

### 3 THE ROLE OF THE PRIVATE SECTOR

Britain's building groups and building materials suppliers have developed a number of schemes of their own for increasing private sector involvement in inner city areas. These include Fensholt, a partnership between construction companies, brick makers and others, and Probe, a joint scheme involving the private group and the Nationwide Building Society. An assessment of the contribution these and similar schemes are making.

### 4 THE MAJOR CONURBATIONS

Many of the big conurbations have themselves come up with initiatives aimed at securing revival in their cores. These range from Birmingham's proposal to form a joint local authority/private sector company to Glasgow Action, a grouping of local business interests which will try to identify projects the private sector can take on. This section will look at a range of interesting new approaches now being tried in some of the following locations:

- |                    |                         |
|--------------------|-------------------------|
| (1) Glasgow        | (7) Greater Manchester  |
| (2) Birmingham     | (8) South Wales Valleys |
| (3) Bristol        | (9) Newcastle/Gateshead |
| (4) Leeds/Bradford |                         |

### 5 THE POLITICAL BACKGROUND

The lead role in co-ordinating policy for the inner cities now seems to have settled with the Department of Employment through the input of other departments — Environment, Trade and Industry, and the House of Commons — Finance crucial. The emphasis under the Department of Employment is moving away from the infrastructure to the individual. The aim is to ensure money spent in the inner cities helps to equip those living there for work rather than provide jobs for outsiders. This article will review the chances of success of this new policy and in particular will ask whether Whitehall priorities have finally been sorted.

### 6 POLICY ALTERNATIVES

What changes in inner city policy would the Labour party introduce and what level of resources would it commit to solving the problems? This approach advocated by the Alliance parties.

### 7 ARCHITECTURE

The unfavourable impact made by many post war architectural ideas in the public housing field is now universally recognised. The paradigm has swung away from imposed solutions to a community approach which respects the needs of local residents in the design of new structures. The trend examined. New ideas in inner city structures.

### Editorial Information:

Please address all enquiries or suggestions 22523/86 with editorial content of this survey in writing to the Survey's Editor.

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24th September, 1986

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DAVID MESSUM



LONDON RECENT ISSUES

EQUITIES

Table of recent equity issues with columns for Issue No., Issue Date, Issue Size, and Price.

FIXED INTEREST STOCKS

Table of fixed interest stocks with columns for Issue No., Issue Date, Issue Size, and Price.

'RIGHTS' OFFERS

Table of rights offers with columns for Issue No., Issue Date, Issue Size, and Price.

Remember that usually they are for a limited period of time only. A financial dividend is a dividend on a company's shares...

FINANCIAL TIMES SURVEY: The Financial Times proposes to publish an EXPORT SERVICES SURVEY on November 17, 1986. The following subjects will be covered: 1. Introduction, 2. Government Support, 3. The Private Sector, 4. The Language Problem, 5. Trade Fairs and Exhibitions.

FT CROSSWORD PUZZLE No. 6133

Crossword puzzle grid with clues. Clues include: Across: 1. Unusually hale in what he became (6), 4. One doing a rush job on the roof (6), 10. He's working for preservation (7), etc.

Answers to the crossword puzzle. Across: 1. Unusually hale in what he became (6) - GUY, 4. One doing a rush job on the roof (6) - GUY, 10. He's working for preservation (7) - GUY, etc.

AUTHORISED UNIT TRUSTS

Large table listing authorized unit trusts with columns for Trust Name, Manager, and other details.

FT UNIT TRUST INFORMATION SERVICE

Large table listing unit trusts with columns for Trust Name, Manager, and other details.

Scottish Unit Managers

Table listing Scottish unit managers with columns for Manager Name, Address, and other details.









INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and financial products with columns for company names, fund names, and numerical values.

Table listing various insurance and financial products, including 'The Money Market' section, with columns for company names, fund names, and numerical values.

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Money Market Trust Funds

Money Market Bank Accounts

TRADITIONAL OPTIONS

3-month call rates

Table listing traditional options and 3-month call rates with columns for instrument names and numerical values.

Notes and additional information regarding the financial products listed in the Money Market section.



COMMODITIES AND AGRICULTURE

Fisheries ministers agree conservation measures

BY TIM DICKSON IN BRUSSELS

EEC fisheries ministers yesterday informally agreed an important package of technical measures to conserve fish stocks in Community waters.

The compromise, although watered down during the political negotiations, represents the most significant tightening of the rules, which mean that many EEC fishermen will have to adjust their net mesh sizes or modify the equipment on their boats, were contained in a compromise plan put forward by the European Commission earlier proposals by the British president, had proved unacceptable to member states.

Two big stumbling blocks had to be overcome during this week's deliberations: the timetable for increasing the minimum mesh size to be applied in the North Sea and the conditions on fishing within the Community's 12-mile coastal zone (in particular the use of beam trawls which are used to hold open fishermen's nets on the bottom of the sea).

Orange juice market perks up

By Andrew Gowers

THE ORANGE juice futures market in New York has reawakened after a four-month slumber. Prices have risen sharply since the end of last week, topping \$1.09 cents per lb yesterday in the January position.

LONDON MARKETS

COCOA futures dropped sharply yesterday on the London Commodity Exchange for the second day as speculators continued to bail out of the market. The drop, which coincided with a small exception fall in New York, took the December position to £1,588.50 per tonne, down \$42.50 on the day.

INDICES

Table with columns: REUTERS, DOW JONES, and various index values for different dates.

MAIN PRICE CHANGES

Table showing price changes for various commodities like metals, grains, and oil.

US MARKETS

PRECIOUS METAL futures closed lower at platinum failed to hold earlier gains, reports Helms Commodities. Today's sell off occurred as the US dollar gained for a second straight day a factor which has apparently persuaded some market participants that European Community intended to keep the dollar above the critical DM 3 level.

HEATING OIL

Table with columns: Heating Oil prices for different months and grades.

ORANGE JUICE

Table with columns: Orange Juice prices for different months and grades.

Saudis to subsidise barley

BY FINN BARRE IN RIYADH

SAUDI ARABIA is taking steps to control its expensive wheat surplus and cut imports of barley by introducing subsidies for domestic barley cultivation.

Unfortunately, they have worked too well and the government is paying a mounting bill for unneeded wheat. The SR 2.50 a tonne price does not represent the total government contribution to agriculture. The government also provides low-interest loans for land and machinery, as well as subsidised fuel and electricity for farmers.

Volume in the market, however, remains thin. It is only expected to pick up when the traditional Florida frost season in December.

India plans help for jute industry

By P. C. Mahandri in Calcutta

MR RAJIV GANDHI, the Indian Prime Minister, has announced a Rs 2,500 crore package of measures to help the country's beleaguered jute industry modernise its equipment and quality control.

ALUMINIUM

Table with columns: Unofficial closing, High/Low, and various aluminium grades.

COPPER

Table with columns: Unofficial closing, High/Low, and various copper grades.

MEAT

Table with columns: Cattle prices, Pig prices, and various meat grades.

LIVE CATTLE

Table with columns: Cattle prices for different months and grades.

LEAD

Table with columns: Unofficial closing, High/Low, and various lead grades.

NICKEL

Table with columns: Unofficial closing, High/Low, and various nickel grades.

TIN

Table with columns: Unofficial closing, High/Low, and various tin grades.

ZINC

Table with columns: Unofficial closing, High/Low, and various zinc grades.

GOLD

Table with columns: Gold prices for different months and grades.

SILVER

Table with columns: Silver prices for different months and grades.

RUBBER

Table with columns: Rubber prices for different months and grades.

NEW YORK

Table with columns: Aluminium prices for different months and grades.

COFFEE

Table with columns: Coffee prices for different months and grades.

COCOA

Table with columns: Cocoa prices for different months and grades.

SOYABEAN MEAL

Table with columns: Soyabean meal prices for different months and grades.

COFFEE

Table with columns: Coffee prices for different months and grades.

SOYABEAN MEAL

Table with columns: Soyabean meal prices for different months and grades.

GRAINS

Table with columns: Grain prices for different months and grades.

WHEAT

Table with columns: Wheat prices for different months and grades.

BARLEY

Table with columns: Barley prices for different months and grades.

CRUDE OIL

Table with columns: Crude oil prices for different months and grades.

SOYABEAN MEAL

Table with columns: Soyabean meal prices for different months and grades.

CHICAGO

Table with columns: Live Cattle prices for different months and grades.

LIVE CATTLE

Table with columns: Live Cattle prices for different months and grades.

LIVE HOGS

Table with columns: Live Hogs prices for different months and grades.

MARKET

Table with columns: Market prices for different months and grades.

SOYABEAN MEAL

Table with columns: Soyabean meal prices for different months and grades.

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KLCE to widen trading base

BY WONG SULONG IN KUALA LUMPUR

THE Kuala Lumpur Commodity Exchange, which was relaunched a year ago, plans to widen its base by introducing futures trading on more commodities available at a possible joint clearing and/or listing commodity exchanges in London, Tokyo and Kobe.

Traders expect palm kernel to be traded early next year. The rules for the palm kernel contract have been approved, and only minor technical problems need to be resolved.

Discussions on joint clearing were held between the Kuala Lumpur clearing house and the International Commodities Clearing House of London in 1983, but were halted after the palm oil default crisis in early 1984.

RAMIE

Gold fell 5% on a bounce from Monday's close in the London bullion market. The metal opened at \$382.50 and traded between a high of \$427.50 and a low of \$407.50.

Ramie joins the textile race

By David Dodwell, recently in Wuhan, Central China

COLLEAGUES call Lin Yanping "China's King of Ramie." He has played a significant part in making Hubei Province in Central China one of the leading producers of a crop that was until recently almost ignored, but is today attracting the anxious attention of protectionist lobbyists in both Europe and the US.

As the salesman in Hubei's textiles import-export corporation, with responsibility for promoting international sales of the province's ramie products — which range from yarn and piece-cloth to ramie-mix fashion garments — he has seen exports rise from nothing in 1983 to a point in 1985 when they earned about \$37m (£25m).

Until just four years ago, ramie was grown in small quantities in the hot and fertile central Chinese provinces adjoining the Yangtze River.

Wuhan: "We have to increase our exports rapidly now, before the US can put pressure on for a quota at the end of 1987."

Similar amount — an improvement entirely due to almost 30 per cent growth in exports of ramie and linen-mix goods. As textile and garment manufacturers in Hong Kong, Korea and Taiwan were keen to exploit the newly discovered loophole, so China's farmers — and with them China's own textile manufacturers — stood to gain.

It has been largely due to the likes of Lin Yanping that China has become one of the world's leading producers of ramie — and that Hubei province in particular has become the leading base for China's production.

Land in Hubei committed to ramie doubled between 1985 and 1986, and is likely to increase at a similar pace next year. Output is also likely to double.

As for international demand, Lin Yanping has an unusually clear awareness of how crossing protectionist forces leave him and colleagues in a race to boost exports. "Now is the rush time," he commented at his headquarters offices in



Ramie processing at a large textile factory in Huangshi

Handwritten signature and date at the bottom right of the page.



CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Pound rises on intervention

STERLING ROSE sharply yesterday afternoon after the Bank of England had intervened to sell Deutsche and US dollars. The amount of support was probably not very large but the psychological impact was significant and caused a rush to cover short positions. Earlier in the day the pound had touched a record low of DM 2.9350 and also touched its lowest level ever against the yen and on its exchange rate index. The effect of the intervention was made greater because until now there had been no attempt to stabilise the pound with the Bank of England firmly resisting pressure to push interest rates higher. The pound's exchange rate index closed at 90.0, its lowest level ever and at 3 pm was still only at 89.1. However by 3 pm it had bounced back to 89.5 and closed at 89.7. The Bank of England's intervention suggested that the Bank may have caught the pound at a point when it was due for a technical rebound anyway. It is not clear if the authorities gained maximum effect from their intervention. Sterling closed at DM 2.9725 up from DM 2.9775 and 122.45 from 122.75. Against the Swiss franc it rose to Sfr 2.4050 from Sfr 2.3725 and Ffr 8.72 compared with Ffr 8.5775. Against the dollar it eased to \$1.4450 from \$1.4565, having touched a high of \$1.4545. The dollar finished a little lower than the day before, well up from Monday, shrugging off previous apprehension about

E IN NEW YORK

Table with columns: Sept 23, Latest, Prev. close. Rows include spot, 1 month, 3 months, 6 months, 12 months, Forward premiums and discounts, and how successful attempts by EEC members would be to preserve EMS parties.

FINANCIAL FUTURES

Strong tone

PRICES ROSE quite sharply on the London International Financial Futures Exchange yesterday. Long term gilt futures closed at 113.18 for December delivery, only slightly below the day's peak of 113.14, and well above the previous close of 111.27. The contract opened at 111.17, almost the day's low, and was depressed in early trading by the weakness of the pound. Bank of England intervention to support sterling was a major factor leading to the recovery, as fears receded of a rise in UK bank base rates. There was a similar impact on three-month sterling deposit futures, which closed below the day's high, at 89.4 for December, compared with 89.37 on Monday, after opening at 89.29, just above the day's low. Loss buying points were triggered, with sterling de-

nominated contracts also gaining support from encouraging US economic figures, which boosted US Treasury bond and Euro-dollar futures.

Table with columns: Price, Date, Call, Put, Last, etc. Rows include LIFE LONG GILT FUTURES OPTIONS, LIFE US TREASURY BOND FUTURES OPTIONS, LIFE S&P 500 INDEX, etc.

POUND SPOT - FORWARD AGAINST POUND

Table with columns: Day's spread, Close, One month, % Three months, % Six months. Rows include US, Canada, Netherlands, Belgium, Denmark, Ireland, Portugal, Spain, Norway, France, Sweden, Japan, West Germany, Switzerland.

DOLLAR SPOT - FORWARD AGAINST DOLLAR

Table with columns: Day's spread, Close, One month, % Three months, % Six months. Rows include UK, Ireland, West Germany, France, Netherlands, Belgium, Denmark, Portugal, Spain, Norway, Sweden, Japan, Switzerland.

CURRENCY MOVEMENTS

Table with columns: Bank of England, Morgan Guaranty, etc. Rows include Sterling, US Dollar, Australian Dollar, etc.

CURRENCY RATES

Table with columns: Bank, Special, European, etc. Rows include Sterling, US Dollar, Australian Dollar, etc.

CURRENCY FUTURES

Table with columns: Price, Date, Call, Put, Last, etc. Rows include POUND - FOREIGN EXCHANGE, EURO CURRENCY, etc.

EXCHANGE CROSS RATES

Table with columns: S, DM, DEM, F.Fr., S.Fr., Lira, C.S. Fr., etc. Rows include DM, S.Fr., F.Fr., Lira, C.S. Fr., etc.

OTHER CURRENCIES

Table with columns: Country, Rate, etc. Rows include Argentina, Brazil, Greece, Kuwait, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: Short term, 7 Days, 1 Month, 3 Months, 6 Months, 12 Months, etc. Rows include Sterling, U.S. Dollar, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Rate, etc. Rows include Belgium, France, Germany, etc.

MONEY MARKETS

London rates continue to ease

INTEREST rates continued to ease on the London money market yesterday, encouraged by a late recovery by sterling from a weak start. Trading was generally quiet, although the Bank of England did not appear to give enough assistance, according to the forecast short-term UK lending bank base lending rate 10 per cent since May 22. Overnight funds fell to 7 per cent at the close. Three-month interbank finished at 10.10 per cent, compared with 10.0-10.10 per cent. The Bank of England forecast a money market shortage of £100m initially, but amended this to £200m at noon, and provided total assistance of £100m. Before lunch the authorities bought £98m bills outright, by way of £4m bank bills in hand 3 at 9.75 per cent. In the afternoon another £20m bank bills were purchased in hand 3 at 9.75 per cent. Bill discounting to official hands, repayment of late assistance and a take-up of Treasury weights drained £15m. This outweighed Exchange Transfer transactions adding £20m to liquidity and a

FT LONDON INTERBANK FIXING

Table with columns: Bid, Offer, etc. Rows include 1 month, 3 months, 6 months, etc.

NEW YORK RATES

Table with columns: Prime rate, Treasury bills, etc. Rows include Prime rate, Treasury bills, etc.

MONEY RATES

Table with columns: Country, Rate, etc. Rows include Frankfurt, Zurich, Amsterdam, etc.

CURRENCY FUTURES

Table with columns: Price, Date, Call, Put, Last, etc. Rows include POUND - FOREIGN EXCHANGE, EURO CURRENCY, etc.

BOND FUTURES & OPTIONS advertisement. Includes text: SOCIETE GENERALE \$ US 300,000,000 FLOATING RATE NOTES DUE 1996. Also REPUBLIC CLEARING CORPORATION.

FT Financial Times Conference advertisement. Includes text: The Fourth Professional Personal Computer Conference London 30 & 31 October, 1986.

Offshore & UK Companies advertisement. Includes text: Incorporation and management in UK, etc.

APPLIED DATA SYSTEMS LIMITED advertisement. Includes text: SCHROEDERS decided to install the BETA DEALERPHONE SYSTEM in their London Dealing Rooms. Applied Data Systems Limited design and manufacture a wide range of telecommunication and data systems in use by Government, banks and industrial customers throughout the world.



BRITISH FUNDS

Table of British Funds with columns for Name, Stock, Price, Div, and Yld. Includes sections for 'Sports' (Lives up to Five Years), 'Five to Fifteen Years', and 'Over Fifteen Years'.

AMERICANS—Cont.

Table of American Stocks with columns for Name, Stock, Price, Div, and Yld. Includes sections for 'CANADIANS', 'BANKS, HP & LEASING', and 'RETAILERS'.

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS—Cont.

Table of Building, Timber, and Roads stocks with columns for Name, Stock, Price, Div, and Yld.

INDUSTRIALS—Continued

ENGINEERING—Continued

Table of Engineering and Industrial stocks with columns for Name, Stock, Price, Div, and Yld.

INDEX-Linked

Table of Index-Linked products with columns for Name, Price, Div, and Yld.

INT. BANK & OSEAS GOVT. STERLING ISSUES

Table of International Bank and Overseas Government Sterling Issues with columns for Name, Price, Div, and Yld.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Price, Div, and Yld.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth and African Loans with columns for Name, Price, Div, and Yld.

LOANS

Table of Loans with columns for Name, Price, Div, and Yld.

FOREIGN BONDS & RAILS

Table of Foreign Bonds and Rails with columns for Name, Price, Div, and Yld.

AMERICANS

Table of American Stocks with columns for Name, Stock, Price, Div, and Yld.

RETAILERS

Table of Retailer stocks with columns for Name, Stock, Price, Div, and Yld.

BEERS, WINES & SPIRITS

Table of Beer, Wine, and Spirit stocks with columns for Name, Stock, Price, Div, and Yld.

DRAPERY AND STORES

Table of Drapery and Store stocks with columns for Name, Stock, Price, Div, and Yld.

DRAPERY & STORES—Cont.

Table of Drapery and Store stocks (continued) with columns for Name, Stock, Price, Div, and Yld.

ENGINEERING

Table of Engineering stocks with columns for Name, Stock, Price, Div, and Yld.

HOTELS AND CATERERS

Table of Hotel and Caterer stocks with columns for Name, Stock, Price, Div, and Yld.

INDUSTRIALS (Miscel.)

Table of Industrial (Miscellaneous) stocks with columns for Name, Stock, Price, Div, and Yld.

CHEMICALS, PLASTICS

Table of Chemical and Plastic stocks with columns for Name, Stock, Price, Div, and Yld.

DRAPERY & STORES

Table of Drapery and Store stocks with columns for Name, Stock, Price, Div, and Yld.

ENGINEERING

Table of Engineering stocks with columns for Name, Stock, Price, Div, and Yld.

INDUSTRIALS (Miscel.)

Table of Industrial (Miscellaneous) stocks with columns for Name, Stock, Price, Div, and Yld.

ENGINEERING—Continued

Table of Engineering stocks (continued) with columns for Name, Stock, Price, Div, and Yld.

INDUSTRIALS—Continued

Table of Industrial stocks (continued) with columns for Name, Stock, Price, Div, and Yld.

INDUSTRIALS (Miscel.)

Table of Industrial (Miscellaneous) stocks with columns for Name, Stock, Price, Div, and Yld.

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Table of Industrial (Miscellaneous) stocks with columns for Name, Stock, Price, Div, and Yld.

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INDUSTRIALS - Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price and other financial metrics.

LEISURE - Continued

Table of leisure-related stocks such as British Airways, British Telecom, and British Gas.

PROPERTY - Continued

Table of property and real estate stocks including British Land and various regional property companies.

INVESTMENT TRUSTS - Cont.

Table of investment trusts such as British American Investment Trust and various international funds.

FINANCE, LAND

Table of finance and land-related stocks including various banks and land development companies.

MINES - Continued

Table of mining stocks including Anglo American, De Beers, and various metal mining companies.

INSURANCES

Table of insurance stocks such as British American Insurance and various life insurance companies.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including various automotive and aviation-related companies.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing stocks such as News International and various media companies.

SHOES AND LEATHER

Table of shoes and leather goods stocks including various footwear manufacturers.

SOUTH AFRICANS

Table of South African stocks including various companies listed on the Johannesburg Stock Exchange.

TEXTILES

Table of textile stocks including various clothing and fabric manufacturers.

LEISURE

Table of leisure stocks, including a continuation of British Airways and other leisure-related companies.

PROPERTY

Table of property stocks, including a continuation of British Land and other real estate companies.

FINANCE, LAND

Table of finance and land stocks, including a continuation of various financial and land-related companies.

MINES

Table of mining stocks, including a continuation of Anglo American and other mining companies.

OVERSEAS TRADERS

Table of overseas trader stocks including various international trading companies.

PLANTATIONS

Table of plantation stocks including various rubber and palm oil companies.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks, including various companies from the UK, Ireland, and other regions.

NOTES: A section providing detailed notes and explanations for the data presented in the tables, including information on share prices, dividends, and company performance.

Recent Issues and Rights Page 43: A notice regarding recent issues and rights of shares, including details on subscription and payment procedures.



LONDON STOCK EXCHANGE

Equities suffer as huge TSB commitment drains funds
Currency developments help Gilts

Account Dealing Dates
Option
First Declared Last Account
Dealings Date Dealings Day

\* \* \* \* \*
\* \* \* \* \*
\* \* \* \* \*

put on 7 to 190p in sympathy. Bank
of Scotland edged forward a penny
to 423p in anticipation of today's
first-half figures, while other
major clearers closed mixed. Nat-
west moved up 5 more to 547p and
Lloyds hardened a few pence to
445p, but Barclays, at 488p, and
Midland, at 570p, softened 2
apiece.

Lloyd's Brokers continued
firmly on currency considera-
tions. Willis Faber added 10
at 450p and Mined put on 9 at 237p,
while C. E. Heath appreciated 7
at 472p.

Local London, placed recently
by Greenwell Monagu at 135p per
share, made a good debut in the
Unlisted Securities Market.
Steady demand took the price up
from an opening level of 145p to a
close of 152p, for a first-day pre-
mium of 17p.

Breweries gave modest ground
in extremely tight trading.
International Investor, an earlier
clearly reluctant to direct short-
term funds to the sector in the
wake of the Monopolies Commis-
sion investigation into the "iced
house system, most of the more
common to Whitbread A. 200p,
Allied-Lyons, 305p, and Bass, 725p.

Regionals provided a rare bright
spot in Sunderland's Vaux 49p
Australian bid from Robert
Holmes & Court or Alan Bond, and
dropped to 560p at close on the
pre-taking before closing the
session 5 easier on balance at
565p. Elsewhere in Buildings,
Walker Lawrence fell 7 to 102p
following details of the proposed
rights issue and vendor pricing of
25.75p new shares at 85p per
share on 10/25 and 12/25p for the
Poco Properties, a privately-
owned housebuilding concern.

Occasional selling and lack of
support depressed Hawker,
which fell away to close 16
cheaper at 463p; the interim
figures are due on October 22.
Elsewhere in the Engineering
leaders, Vickers drifted off to
close 8 down at 405p. Among the
secondary issues, Glywood lost 6
to 288p and Desouter eased 6p
to 175p, but the latter was actively
supported by investors, with
buyers showing interest in the
Broske Tool which improved 4 to 36p.

Features were few and far
between in the Food sector.
Veigade was prominent in the
early stages as speculative buying
pushed the shares up to 285p
before they boiled over to end
the session 5 higher on balance at
290p. The interim results are
improved a few pence at 408p in
reply to Press comment. After
hours' dealings were enlivened by
the resumption of trading in J. R.
Moss, which closed at 285p, but
the close was 3 dearer at 53p,
following details of the sale of
Mospack (Potatoes) to its man-
agement for £270,000 and the
resumption of reconstruction, after
which Mr P. D. Kempin will hold a

of around 98m. Similar reports
prevailed in Bentalls which
eased a few pence to 120p in front
of tomorrow's interim results.

Among the Electronics, Greener
responded to news of the agreed
share exchange or cash offer
worth 125p a share from BBA with
a rise of 10 at 130p. Sitara eased
to 61p before closing at 58p on
balance at 62p following the fall in
mid-term earnings, but acquisition
details left Dowling and Mills
a couple of pence better at 40p.

High technology issues gave
ground, Eurotherm falling 10 to
275p, Farwell 7 to 183p, and
Cambridge Electronic 5 to 215p.
AM Electronics, however, rose 5
to 334p, the interim results are
expected on September 23. Lead-
ing issues settled a few pence
easier.

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FINANCIAL TIMES STOCK INDICES
Table with columns: Index, 23 Sept, 22 Sept, 21 Sept, 20 Sept, 19 Sept, 18 Sept, 17 Sept, 16 Sept, 15 Sept, 14 Sept, 13 Sept, 12 Sept, 11 Sept, 10 Sept, 9 Sept, 8 Sept, 7 Sept, 6 Sept, 5 Sept, 4 Sept, 3 Sept, 2 Sept, 1 Sept, 1986, Since Completion.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

following speculative buying on
asset-injection or bid hopes.
Boosey and Hawkes added 5
at 370p as did Plesseyplate 15
at 600p.

Octopus Publishing dipped 15
at 465p as the increased interim
profits and dividend were over-
shadowed by the cautious tenor of
the chairman's accompanying state-
ment. Elsewhere in the
McConnell rose 10 to 245p amid hopes that
Norton Opax, a couple of pence
dearer at 146p, will receive clear-
ance to resume its offensive. Nor-
ton's original bid for McConnell
was referred to the Monop-
olies Commission on April 22
this year. Carlin Communications
was unchanged at 910p, after
900p, as brokers L. Messel,
acting on behalf of directors Mr
Nigel Wray and Mr David Green
sold 1m shares through the market
and 850p per share, dealers
reported that the sale was easily
accomplished. Advertising agen-
cies again lacked a decided trend.
Bessemer Mills bought on
speculation at 120p, while
Press, reacted 6 to 284p, while
further consideration of the resig-
nation of Mr Robert Jacoby as
chairman and chief executive of
the group's Red Bates operation
left Satchel and Satchel another 20
cheaper at 615p, after 605p. Bms
rose 5 1/2 to 208p ex-the-Brands
issue; the new half-penny shares
issued at 120p premium, and
Financials were no better than
mixed. "Amocoal", a firm market
in the past couple of weeks follow-
ing the EEC's decision not to
implement a ban on imports of
South African coal, gave up 12
to 575p, Anglo American Corporation
fell 1/4 to 211p and "Amgold"
dropped 2 1/2 to 257p. East Rand
dropped 10 to 100p, while
The downturn in the bullion
price, which followed a forecast of
increased US interest rates
towards the end of the year and
another strong performance by

the dollar, prompted a sustained
bout of profit-taking in mining
markets and especially in South
African gold.

Bullion, which made good pro-
gress in New York overnight where
it closed at \$444, opened lower in
London around the \$440 mark but
quickly retreated to \$431.5 before
ending the session at \$433—a net
decline of \$5.75.

Platinum, 500-oz in the US,
improved to \$615 in London and
held around that level for much of
the day.

Gold shares were marked down
at the outset of trading, mirroring
the initial decline in gold, and fell
away throughout the morning
following persistent selling from
Switzerland and London-based
institutions. A minor rally around
midday, encouraged by support
from Brussels, failed to hold as
the opening of US markets saw
gold shares dip back to close at
or around their lowest levels of
the day. The Gold Mines index
retreated to 364.5.

In the heavyweights Winkelbank
were particularly weak and fell
away to close almost 2 off at
247 1/2, while Vaux Tech dipped a
similar amount to 283. Servotax
gave up 1/4 to 238 1/2 and Buffels 1/2
to 216 1/2. Western Deep moved
against the general trend and har-

dened a shade to a 1986 high of
220 1/2, owing to a stock shortage.
Cheaper priced Gilts retreated
across a broad front led by 5 1/2-
year, 31 off at 497p and Western
Area, which dipped 25 to 310p.

Traded Options
Demand for Traded Options
remained at a relatively low level,
but dealers reported increased
support for put positions which
boosted the total number of con-
tracts transacted to 15,575. Only
Hanson Trust, which attracted
1,832 calls and 1,030 puts,
recorded a noteworthy turnover.

Traditional Options
First Dealings
Sept 22 Oct 6 Oct 20
Last Dealings
Oct 3 Oct 17 Oct 31
Last Declaration
Dec 15 Jan 8 Jan 22
For Settlement
Dec 29 Jan 13 Feb 2

For rate indications see end of
Unit Trust Service

Stocks favoured for the call
included Oliver Prospect,
Armenon, Iceland Frozen
Foods, Pict Petroleum, J.
H. Baxendale, North K.
Guril, Berkeley and Hay Hill,
Wellcome, Vaux, Spargo,
Camford Engineering, Sun Oil
and Celtic Haven. No puts or
doubles were reported.

YESTERDAY'S ACTIVE STOCKS
Table with columns: Stock, Closing, Day's Change, Closing, Day's Change.

MONDAY'S ACTIVE STOCKS
Table with columns: Stock, No. of Shares, Day's Change, No. of Shares, Day's Change.

RISERS AND FALLS YESTERDAY
Table with columns: British Funds, Corporations, Dom. and Foreign Bonds, etc.

NEW HIGHS AND LOWS FOR 1986
Table with columns: NEW HIGHS (53), NEW LOWS (22), etc.

FT-ACTUARIES INDICES
These indices are the joint compilation of the Financial Times,
the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS
Table with columns: Group, Index, % Change, etc.

FIXED INTEREST
Table with columns: Index, % Change, etc.

LONDON TRADED OPTIONS

Table with columns: Option, Calls, Puts, etc.

Table with columns: Option, Calls, Puts, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol, Last, etc.

BASE LENDING RATES
Table with columns: Bank, Rate, etc.



WORLD STOCK MARKETS

Table of world stock markets including Australia, Germany, Norway, Austria, Japan, Canada, Hong Kong, Singapore, Netherlands, and Switzerland. Columns include country, date, price, and change.

Table of Canadian stock markets including Toronto and Montreal. Columns include stock name, price, and change.

Table of stock indices for various countries including Australia, Austria, Belgium, Denmark, France, Germany, Hong Kong, Italy, Japan, Netherlands, Norway, Singapore, South Africa, and Switzerland.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of over-the-counter stock prices for various companies like Intel, Microsoft, and others.

Table of NYSE Consolidated 1986 Activity showing volume and value.

Looming clouds dim the outlook

Text discussing the outlook for the Tokyo stock market, mentioning the government's role and market conditions.

reign looms as a second possible dampener on the share market

Text discussing market dampeners and the impact of convertible bonds on the share market.

that excessive issues of convertible bonds in July 1974 sent share prices into a tailspin

Text discussing convertible bonds, market trends, and the impact of share issues.

Table of Chief price changes in London, listing various stocks and their price movements.

Small text at the bottom of the page, possibly a footer or additional market information.



NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Dr.	Chg.	Vol.	12 Month High	12 Month Low	Stock	Dr.	Chg.	Vol.	12 Month High	12 Month Low	Stock	Dr.	Chg.	Vol.
130	115	AAR	115	+	10	130	115	AMR	115	+	10	130	115	AT	115	+	10
120	105	ADT	105	+	10	120	105	AMT	105	+	10	120	105	AVX	105	+	10
110	95	AFG	95	+	10	110	95	AMR	95	+	10	110	95	AVX	95	+	10
100	85	AGI	85	+	10	100	85	AMR	85	+	10	100	85	AVX	85	+	10
90	75	AMR	75	+	10	90	75	AMR	75	+	10	90	75	AVX	75	+	10
80	65	AMR	65	+	10	80	65	AMR	65	+	10	80	65	AVX	65	+	10
70	55	AMR	55	+	10	70	55	AMR	55	+	10	70	55	AVX	55	+	10
60	45	AMR	45	+	10	60	45	AMR	45	+	10	60	45	AVX	45	+	10
50	35	AMR	35	+	10	50	35	AMR	35	+	10	50	35	AVX	35	+	10
40	25	AMR	25	+	10	40	25	AMR	25	+	10	40	25	AVX	25	+	10
30	15	AMR	15	+	10	30	15	AMR	15	+	10	30	15	AVX	15	+	10
20	5	AMR	5	+	10	20	5	AMR	5	+	10	20	5	AVX	5	+	10
10	0	AMR	0	+	10	10	0	AMR	0	+	10	10	0	AVX	0	+	10

Continued on Page 43

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NYSE COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include Stock, Price, Change, and Volume. Includes sub-sections for 'Continued from Page 42' and 'Sales figures are unofficial'.

AMEX COMPOSITE CLOSING PRICES

Table of AMEX Composite Closing Prices. Columns include Stock, Price, Change, and Volume. Includes sub-sections for 'Continued from Page 42' and 'Sales figures are unofficial'.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of Over-the-Counter (Nasdaq) Closing Prices. Columns include Stock, Price, Change, and Volume. Includes sub-sections for 'Sales figures are unofficial' and 'Continued from Page 42'.

Advertisement for BONN/COLOGNE/DUSSELDORF/ESCHBORN/FRANKFURT/HAMBURG/HESSISCHE BERGSTRASSE/HOECHST/MUNICH/OFFENBACH/RUESSLSHEIM/STUTTGART/MIENNA. Includes 'HAND DELIVERY SERVICE' and contact information for Bernd Wokurka.



# FINANCIAL TIMES WORLD STOCK MARKETS

## WALL STREET

### A pause is taken to draw breath

MARKETS drifted yesterday on Wall Street in moderate trading showing little follow through from the previous day's upturn, writes *Roderick Oram from New York*.

Continuing recovery in the dollar and some encouraging economic data helped push bond prices a notch higher but the improvement was less marked in stock markets.

The Dow Jones industrial average closed up 4.36 at 1,797.51, although it did not reach positive territory until the last hour of trading. Rising shares outnumbered falling by a small margin on volume of 132.57m shares.

Broader market indices showed similar gains with, for example, the New York Stock Exchange composite up 0.55 points at 135.60. Transportation was the strongest sector for the second consecutive day with its Dow index putting on 9.75 points to 794.38.

Trying to read something into the 35 point rise Monday and yesterday, however, is "like taking a pulse for five seconds and saying it is a medical examination," said Mr Laszlo Birinyi of Salomon Brothers.

"The market's not doing anything - but that's not negative or positive. It is a mending market and we need to give it a little more time to settle back and catch its breath," he said.

Among the blue chips, IBM was up 5/4 at \$139 3/4, Sears Roebuck up 1/4 at \$41 1/4, American Can ahead 5/4 at \$83 1/4, while General Electric was off 5/4 at \$72 and Du Pont unchanged at \$81 1/4.

The main interest in an otherwise lacklustre day came from takeover bids. Western Pacific Industries surged \$10 1/4 to \$172 1/4 after Danaher, up 5/4 to \$11, said it was willing to buy the company for not less than \$165 a share. An investor group announced an agreed buy-out last week at \$155 a share.

Ryan Homes jumped \$7 to \$50 on news that NVHomes, a competing house builder, had begun a \$45 a share offer for it. NVHomes rose 1 1/4 to \$12.

First Pennsylvania gained 3 3/4 to 39 1/2 after Marine Midland said it was taking a stake in the banking group. It will take control within a year of new banking laws in New York State and Pennsylvania allowing such acquisitions. The deal could be worth in excess of \$600m. Marine Midland eased 3/4 lower at \$48 3/4.

AT&T was the most active issue on the New York Stock Exchange rising 5/4 to \$24. The share which yields 5 per cent annually trades ex-dividend today.

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USX remained among the most active issues although the fall in its share price accelerated shedding \$2 to \$23 1/4. It announced on Monday an investment bank review which could lead to a corporate restructuring. Its shares rose rapidly last week on reports that corporate raiders were buying stakes.

Borg-Warner climbed \$2 1/2 to \$34 1/4 on news of a higher dividend.

Credit markets were buoyed for a second day by the continuing recovery of the dollar from last week's sharp fall. They were also encouraged by a smaller than expected rise in August's consumer price index and an unexpected contraction on few factory orders. Taken together they ease some of the concern about accelerating inflation rates.

With the economic data released before the New York market opened, the upturn was seen first in Europe before it carried through to the US. Bond futures in Chicago rose almost a point although eased back later.

In the cash market, the price of the benchmark 7.25 per cent Treasury bond due 2019 gained 1/4 of a point to \$94 1/4 at which it yields 7.72 per cent. Larger price rises were seen in other long bonds while the short end was basically unchanged.

Treasury bill yields eased one basis point with three-month bills yielding 5.25 per cent, six-month bills yielding 5.38 per cent and year bills 5.48 per cent.

## CANADA

BROADLY LOWER early trading set the tone for the day in Toronto as precious metals, which had bolstered the market in previous sessions, turned lower on easier bullion prices. Dome Mines lost 1/4 to \$21.0, Echo Bay 1/4 to \$26.0 and Lac Minerals 1/4 to \$26.0.

Metals and mines followed golds down, with Inco off 1/4 to \$31 1/4, Falconbridge easing 1/4 to \$31 1/4 and Noranda dipping 1/4 to \$32 1/4.

In Montreal, banks, industrials and mines lost ground while oils and utilities edged higher.

## EUROPE

### Blue chips rally fuels Frankfurt

A STRONG RALLY among blue chip stocks took Frankfurt higher again in one of the more active of recent sessions. The Commerzbank index added 39 to 2,019.4.

The advance was triggered by a sharp rise in Deutsche Bank following market rumours that it was underwriting the placement of Libya's 15 per cent stake in Fiat, the Italian carmaker.

The Deutsche share price jumped DM 33 to end at DM 805.50, having traded as high as DM 812 at mid-session.

Other blue chips like Daimler, DM 38 higher at DM 1,284, and Siemens DM 17.50 ahead at DM 680, took their lead from Deutsche and dragged other leading issues with them.

Earlier in the day, the strength of the banking sector was attributed to renewed interest rate speculation after reports that Mr Karl Otto Pöhl, the Bundesbank president, was delaying his departure for the Washington IMF meeting. But by the end of the day, a consensus was emerging that the central bank was unlikely to cut its key discount rate this week.

Bond prices ended a quiet bourse session firmer amid the renewed speculation on the outlook for interest rates. The Bundesbank sold DM 100.9m of paper after purchases totalling DM 158.3m the previous day.

In Milan, Fiat added L810 to a record L18,000 ahead of higher group results, while IRI, its parent company, climbed L1,020 to L32,510.

A broadly based rally throughout the

market also benefited from a L110 advance to L3,260 for Montedison following market speculation that a reshuffle in the controlling syndicate of the chemical group may soon materialise.

Paris was higher in active trading, reflecting the start of the October account which allows investors to buy on one month's free credit.

Construction issues showed strength with Bouygues FFr 75 ahead at FFr 1,345 and Colas FFr 87 higher at FFr 950. Amsterdam was also higher but light turnover in many stocks reflected continuing uncertainty over future price trends for both Dutch and US stocks.

In Brussels, busy trading saw shares advance across a broad front, with particularly strong gains for blue chip industrials and chemicals.

Sizeable foreign buying returned, with particular interest in holding companies. CBL put on BFr 123 to BFr 1,800, in the middle of the year's price range, and Reserve added BFr 50 to BFr 3,060.

But Gevaert went against the trend after its strong rise on Monday, losing BFr 40 to BFr 6,350.

Caution continued in Zurich with Swiss investors still uncertain that Wall Street could sustain its upturn. Selective foreign interest, however, helped take shares to a marginally higher close. Aluisse rose SFr 25 to SFr 615 after the company said it expected further substantial losses this year but did not immediately announce more major write-offs.

Banks finished unchanged or slightly higher, while Swiss bonds closed steady.

Stocks closed lower in quiet trading with many institutions sidelined after public sector unions announced selective pay strikes. Electrobrau headed active, edging down SKr 1 to SKr 297, while Ericsson slipped SKr 2 to SKr 231 and Fermenta fell SKr 5 to SKr 117.

Oils closed marginally lower after gains on insurance stocks were offset by losses on the oil index. In Madrid, quiet trading saw the bourse general index close L13 points lower at L191.37 as banks, utilities and communications all eased.

## LONDON

LONDON was preoccupied by evidence of a huge drain on investment funds caused by the Trustee Savings Bank's flotation of 1.5bn shares this week. Several leading home loan institutions suggested that recent withdrawals were large enough in total to take out the whole of the TSB issue.

The FT Ordinary index finished 10.9 lower at 1,271.9, while the FT-SE 100 index saw its early gain whittled away to close 7.1 down at 1,610.0.

Early weakness in the exchange rate index sent a tremor through the gilt-edged sector but prices soon recovered to rise on fresh pointers to a flat US economy and after Bank of England support for sterling.

Longer-dated Government securities encountered renewed support but short-dated stocks were more hesitant and index-linked issues lost appeal.

Chief price changes, Page 41; Details, Page 46; Share information service, Pages 38-39.

## HONG KONG

STRONG foreign institutional demand again took Hong Kong higher during a heavy day's trading. The Hang Seng index rose 39 to 1,992.60, just short of the record 1,997.92 set on September 11.

Hutchison Whampoa continued an active spot in reaction to its stake in Pearson of the UK. Hutchison's shares added HK\$1.25 to HK\$35.75 while Chemung Kong, its parent, gained 80 cents to HK\$26.

## SINGAPORE

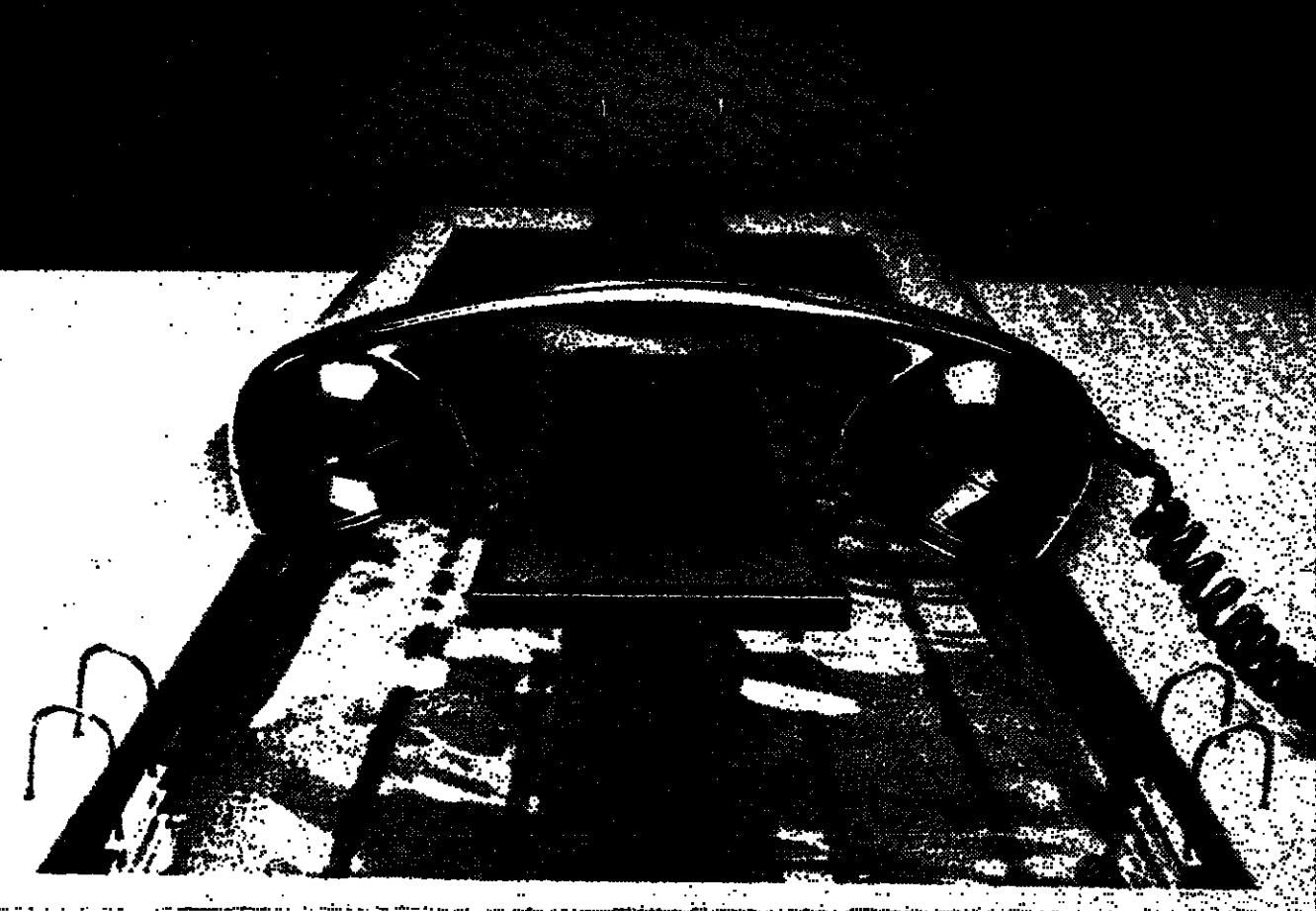
A BROADLY BASED advance was registered in Singapore, underpinned by bargain hunting and short covering.

The improvement began during the morning, as small investors sought some blue chips and trustee stocks, and picked up as the day progressed.

The Straits Times industrial index advanced 9.82 to 819.82 on turnover that rose from Monday's 11.7m shares to 17.2m.

KEY MARKET MONITORS			
STOCK MARKET INDICES			
NEW YORK	Sep 23	Previous	Year ago
DJ Industrials	1,797.51	1,738.45	1,316.31
DJ Transport	794.38	784.63	658.01
DJ Utilities	203.23	202.84	153.52
S&P Composite	235.57	234.93	184.30
LONDON			
FT Ord	1,271.9	1,282.8	995.3
FT-SE 100	1,610.0	1,617.1	1,291.10
FT-A All-share	796.77	796.77	628.33
FT-A 500	878.19	878.19	699.99
FT Gold mines	344.8	357.8	312.90
FT-A Long gilt	10.13	10.84	10.24
TOKYO			
Nikkei	closed 17,708.3	12,668.9	
Tokyo SE	closed 1,458.31	1,007.46	
AUSTRALIA			
All Ord.	1,284.1	1,223.8	989.7
Metals & Mins.	640	631.4	512.5
AUSTRIA			
Credit Agric	238.53	238.52	n/a
BELGIUM			
Belgian SE	3,889.29	3,632.17	2,490.34
CANADA			
Toronto			
Metals & Mins	2,229.20	2,247.7	1,959
Composite	3,006.00	3,019.1	2,689.1
Westrail	1,514.12	1,519.52	131.35
DENMARK			
SE	198.70	197.43	218.28
FRANCE			
CAC Gen	n/a	380.1	218.20
Ind. Tendance	146.50	146.7	78.90
WEST GERMANY			
FAZ-Aktien	673.37	681.03	522.00
Commerzbank	2,019.40	1,980.4	1,538.90
HONG KONG			
Hang Seng	1,992.60	1,953.80	1,535.45
ITALY			
Banca Com. Ind.	765.68	741.72	394.41
NETHERLANDS			
ANP-CBS Gen	286.40	281.9	218.8
ANP-CBS Ind	286.10	283.2	192.5
NORWAY			
Oslo SE	372.79	372.76	367.75
SINGAPORE			
Straits Times	819.82	810.20	785.47
SOUTH AFRICA			
JSE Golds	1,998.0	1,998.0	1,096.0
JSE Industrials	1,385.0	1,385.0	958.0
SPAIN			
Madrid SE	191.37	192.50	80.11
SWEDEN			
J & P	2,445.19	2,449.35	1,392.65
SWITZERLAND			
Swiss Bank Ind.	546.80	543.0	495.9
WORLD			
MS Capital Int'l	n/a	341.00	218.9
COMMODITIES			
(London)	Sep 23	Prev	
Silver (spot fixing)	411.50p	413.15p	
Copper (cash)	£29.00	£29.10	
Coffee (Sept)	£2,527.50	£2,475	
Oil (Brent blend)	£13.50	£13.70	
GOLD (per ounce)			
	Sep 23	Prev	
London	\$434.50	\$438.75	
Zürich	\$434.50	\$435.00	
Paris (fixing)	\$425.69	\$430.28	
Luxembourg	\$435.75	\$441.00	
New York (Dec)	\$440.80	\$445.20	

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